

# **Town of Lake Santeetlah, North Carolina**

## **FINANCIAL STATEMENTS**

**For the Fiscal Year Ended June 30, 2021**

**PT CPAs, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
RALEIGH, NORTH CAROLINA**

**TOWN OFFICIALS**

**MAYOR**

Jim Hager

**COUNCIL  
MEMBERS**

Keith Predmore (Vice  
Mayor and Assistant Finance  
Officer)

Jim Hager (Finance Officer)

Kevin Haag  
Diana Simon  
Roger Carlton

**ADMINISTRATIVE  
STAFF**

Kim Matheson, Town  
Administrator  
Emily Hooper, Town Clerk

**Town of Lake Santeetlah, North Carolina**  
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**FINANCIAL  
SECTION**



James J. Pappalardo, CPA  
Joseph V. Turchetti, CPA

### **Independent Auditor's Report**

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of The Town of Lake Santeetlah, North Carolina (the Town), as of and for the year ended June 30, 2021, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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.

PT CPAs PLLC

7610 Falls of Neuse Road • Raleigh, North Carolina 27615 | Tel 919.847.6800 • Fax 919.847.2900 • [www.PTcpasnc.com](http://www.PTcpasnc.com)  
110 Iowa Lane • Cary, North Carolina 27511 | Tel 919.476.2050

## ***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, the discretely presented component unit, and each major fund of the Town of Lake Santeetlah, North Carolina, as of June 30, 2021, 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 on pages 8-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***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 Lake Santeetlah, North Carolina. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules 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. In our opinion, based on our audit, the 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.

Raleigh, North Carolina  
October 15, 2021

## **Town of Lake Santeetlah, North Carolina Management's Discussion and Analysis**

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

### **Financial Highlights**

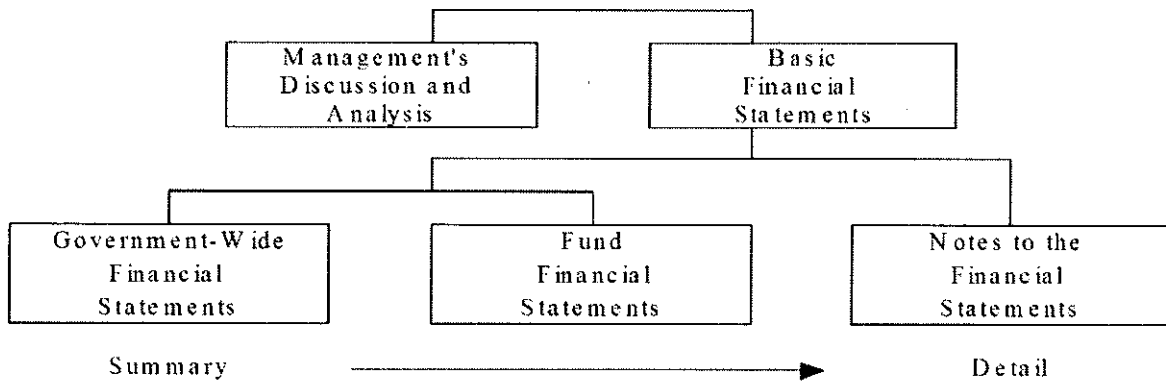
- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the fiscal year by \$692,910. (*net position*).
- The government's total net position increased by \$51,018 primarily due to the increase in ad valorem taxes and less expenditures on legal fees as the Town concludes its prior litigation matters.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$178,638 with a net change of (\$54,313) in fund balance, primarily due to the completion of costly litigation and the purchase of land. Approximately 77% of this total ending fund balance, or \$137,896 is available for spending for budgeted and unforeseen expenditures at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$137,896. The total general fund expenditures for the fiscal year were \$389,912 or approximately 220% of the unassigned fund balance of \$177,145 at the beginning of the fiscal year.
- At the end of the current fiscal year, the Town's proprietary fund reported an ending net position of \$179,687 with a net change of \$36,111, primarily due to an increase in consumption fees and using bank financing to fund major renovations. Fund balance available for spending at the government's discretion (*unreserved/unrestricted fund balance*) was \$87,278. At the end of the fiscal year, the total proprietary fund expenditures were \$92,918.
- In prior years, the Town obtained long-term debt to finance the installation of new automatic read water meters and Insight software. The balance outstanding at June 30, 2020 was \$14,932. This amount was retired when the Town obtained \$200,000 in bank debt to finance the renovations to the water tank and its distribution system. The balance outstanding on the new loan was \$191,667 at June 30, 2021.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town'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.



**Required Components of Annual Financial Statements**  
**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; 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 North Carolina 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 three categories: 1) governmental activities; 2) business-type activities and 3) component units. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property taxes and the county sales tax allocation finances most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town. The final category is the component unit, the Town of Lake Santeelah Tourism Development Authority (TDA). Although legally separate from the Town, the Town exercises control over the TDA by appointing its members and the TDA is required to support the Town's tourism industry.

## Fund Financial Statements

The fund financial statements (See figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 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 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 Town Council 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 Funds** – The Town has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water 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 begin on page 24 of this report.

## Government-wide Financial Analysis

**Town of Lake Santeetlah' s Net Position**  
**Figure 2**

|                                   | Governmental Activities |                   | Business-type Activities |                   | Total             |                   |
|-----------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|                                   | 2021                    | 2020              | 2021                     | 2020              | 2021              | 2020              |
| Current and other assets          | \$ 187,962              | \$ 298,646        | \$ 123,420               | \$ 58,738         | \$ 311,382        | \$ 377,123        |
| Capital assets                    | <u>334,585</u>          | <u>265,365</u>    | <u>248,848</u>           | <u>99,230</u>     | <u>583,433</u>    | <u>359,899</u>    |
| Total assets                      | <u>\$ 522,547</u>       | <u>564,011</u>    | <u>\$ 372,268</u>        | <u>\$ 157,968</u> | <u>894,815</u>    | <u>737,022</u>    |
| Long-term liabilities outstanding | -                       | -                 | 14,392                   | 14,392            | 14,392            | 14,392            |
| Other liabilities                 | <u>9,324</u>            | <u>65,695</u>     | <u>-</u>                 | <u>-</u>          | <u>9,324</u>      | <u>65,695</u>     |
| Total liabilities                 | <u>9,324</u>            | <u>65,695</u>     | <u>14,392</u>            | <u>14,392</u>     | <u>23,716</u>     | <u>80,087</u>     |
| Net position:                     |                         |                   |                          |                   |                   |                   |
| Net investment in capital assets: | 334,585                 | 265,365           | 92,409                   | 99,230            | 426,994           | 364,595           |
| Restricted                        | 40,742                  | 55,806            | -                        | -                 | 40,742            | 55,806            |
| Unrestricted                      | <u>137,896</u>          | <u>177,145</u>    | <u>87,278</u>            | <u>44,346</u>     | <u>225,174</u>    | <u>221,491</u>    |
| Total net position                | <u>\$ 513,223</u>       | <u>\$ 498,316</u> | <u>\$ 179,687</u>        | <u>\$ 143,576</u> | <u>\$ 692,910</u> | <u>\$ 641,892</u> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$692,910 at June 30, 2021. However, a large portion, \$426,994 (62%), reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), net of related debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town's net assets, \$40,742 (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$225,174 is unrestricted. The Town's net position increased by \$51,018 during the fiscal year ended June 30, 2021.

Several aspects of the Town's financial operations influenced the total unrestricted governmental net position:

- The Town realized a 98.2% collection of ad valorem taxes
- The Town increased its rates charged to water customers
- The Town increased its millage for ad valorem taxes
- The Town's prior ongoing litigation came to a positive conclusion and the Town no longer was spending large sums on legal fees

**Town of Lake Santeetlah's Changes in Net Position**

**Figure 3**

|                                    | Governmental Activities |                   | Business-type Activities |                   | Total             |                   |
|------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|                                    | 2021                    | 2020              | 2021                     | 2020              | 2021              | 2020              |
| <b>Revenues:</b>                   |                         |                   |                          |                   |                   |                   |
| Program revenues:                  |                         |                   |                          |                   |                   |                   |
| Charges for services               | \$ -                    | \$ -              | \$ 131,656               | \$ 108,952        | \$ 131,656        | \$ 108,952        |
| Operating grants and contributions | 24,657                  | 8,417             | -                        | -                 | 24,657            | 8,417             |
| General revenues:                  |                         |                   |                          |                   |                   |                   |
| Property taxes                     | 206,759                 | 178,516           | -                        | -                 | 206,759           | 178,516           |
| Other taxes                        | 101,539                 | 98,564            | -                        | -                 | 101,539           | 98,564            |
| Other                              | <u>2,644</u>            | <u>10,323</u>     | <u>59</u>                | <u>48</u>         | <u>2,703</u>      | <u>10,371</u>     |
| Total revenues                     | 335,599                 | 295,820           | 131,715                  | 109,000           | 467,314           | 404,820           |
| <b>Expenses:</b>                   |                         |                   |                          |                   |                   |                   |
| General government                 | 278,300                 | 302,505           | -                        | -                 | 278,300           | 302,505           |
| Public safety                      | 15,544                  | 13,099            | -                        | -                 | 15,544            | 13,099            |
| Transportation                     | 26,848                  | 28,890            | -                        | -                 | 26,848            | 28,890            |
| Water                              | -                       | -                 | 95,604                   | 104,522           | 95,604            | 104,522           |
| Total expenses                     | <u>320,692</u>          | <u>344,494</u>    | <u>95,604</u>            | <u>104,522</u>    | <u>416,296</u>    | <u>449,016</u>    |
| Decrease in net position           | 14,907                  | (48,674)          | 36,111                   | 4,478             | 51,018            | (44,196)          |
| Net position, July 1               | <u>498,316</u>          | <u>546,990</u>    | <u>143,576</u>           | <u>139,098</u>    | <u>641,892</u>    | <u>686,088</u>    |
| Net position, June 30              | <u>\$ 513,223</u>       | <u>\$ 498,316</u> | <u>\$ 179,687</u>        | <u>\$ 143,576</u> | <u>\$ 692,910</u> | <u>\$ 641,892</u> |

**Governmental activities.** Governmental activities increased the Town's net position by \$14,907. The increase is primarily the result of the increase in the millage rate for ad valorem taxes and the conclusion of prior litigation, in favor of the Town.

**Business-type activities:** Business-type activities increased the Town's net position by \$36,111. The key element of this increase was the increase in water rates to its customers.

## Financial Analysis of the Town's Funds

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

**Governmental Funds.** The focus of the Town'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's financing requirements.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$137,896, while total fund balance reached \$178,638. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$389,912. Unassigned fund balance represents approximately 35% of total General Fund expenditures of \$389,912, while the total fund balance of \$178,638 represents approximately 46% of that same amount.

At June 30, 2021, the governmental fund of the Town reported a fund balance of \$178,638, with a net decrease in fund balance of (\$54,313), due primarily to the land purchase.

**General Fund Budgetary Highlights:** During the fiscal year, the Town made budget amendments to record additional legal expenses and road paving costs. 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.

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$87,278. The total increase in net assets for this fund was \$36,111 predominately from an increase of water rates to its customers and depreciation expense, which is how infrastructure is replaced over time. 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's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$583,433 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment. During the fiscal year, the Town acquired an additional parcel of land.

During the fiscal year, the Town incurred \$156,439 of capital asset purchases related to its water distribution, funded through a bank loan. The Town also made a \$95,982 purchase of a plot of land.

**Town of Lake Santeetlah' s Capital Assets  
(net of depreciation)**

**Figure 4**

|                           | Governmental Activities |                   | Business-type Activities |                  | Total             |                   |
|---------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
|                           | 2021                    | 2020              | 2021                     | 2020             | 2021              | 2020              |
| Land                      | \$ 106,552              | \$ 10,570         | \$ -                     | \$ -             | \$ 106,552        | \$ 10,570         |
| Building and improvements | 55,088                  | 57,877            | 238,273                  | 87,596           | 293,361           | 145,473           |
| Machinery and equipment   | 7,881                   | 7,934             | 10,575                   | 11,634           | 18,456            | 19,568            |
| Infrastructure            | 165,064                 | 188,984           | -                        | -                | 165,064           | 188,984           |
| Total                     | <u>\$ 334,585</u>       | <u>\$ 265,365</u> | <u>\$ 248,848</u>        | <u>\$ 99,230</u> | <u>\$ 583,433</u> | <u>\$ 364,595</u> |

Additional information on the Town's capital assets can be found in note III (3) of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2021, the Town had long-term debt outstanding \$191,667 obtained to fund the renovations to the water tank and the water distribution system.

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 the Town is \$6,655,927.

**Economic Factors and Next Year's Budgets and Rates**

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

- The Town prevailed as a defendant in several lingering lawsuits. Without having to spend the significant amount of its funds on professional fees, the Town should have the necessary resources to continue to further its economic development efforts. The Town was awarded approximately \$40,000 in legal fees reimbursements from the plaintiffs of these lawsuits.
- Property taxes will see a rate increase from .0026% to .00295% and will increase revenues by nearly 10%. The Town will use these increases in revenues to finance programs currently in place.
- Budgeted expenditures in the General Fund are expected to increase in a similar amount as the revenues increase, the majority of the increase will be spent in the area of transportation.

**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 Finance Officer Jim Hagar, 4 Marina Drive, Lake Santeetlah, NC 28771 or by phone at (828) 479-8190.

**Town of Lake Santeetlah**  
**Statement of Net Position**  
**June 30, 2021**

|   | <b>Primary Government</b>          |                                     |                   | <b>Tourism<br/>Development<br/>Authority</b> |
|---|------------------------------------|-------------------------------------|-------------------|--|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>      |  |
| <b>ASSETS</b>                             |                                    |                                     |                   |  |
| Current assets:                           |                                    |                                     |                   |  |
| Cash and cash equivalents                 | \$ 147,220                         | \$ 109,014                          | \$ 256,234        | \$ 34,211                                    |
| Accounts receivable (net)                 | -                                  | 14,406                              | 14,406            | -  |
| Due from other governments                | 1,399                              | -                                   | 1,399             | -  |
| Restricted cash and cash equivalents      | 39,343                             | -                                   | 39,343            | -  |
| Internal balances                         | -                                  | -                                   | -                 | -  |
| Total current assets                      | <u>\$ 187,962</u>                  | <u>\$ 123,420</u>                   | <u>\$ 311,382</u> | <u>\$ 34,211</u>                             |
| Non-current assets:                       |                                    |                                     |                   |  |
| Capital assets:                           |                                    |                                     |                   |  |
| Land                                      | 106,552                            | -                                   | 106,552           | -  |
| Other capital assets, net of depreciation | 228,033                            | 248,848                             | 476,881           | 45   |
| Total capital assets                      | <u>334,585</u>                     | <u>248,848</u>                      | <u>583,433</u>    | <u>45</u>                                    |
| Total non-current assets                  | <u>334,585</u>                     | <u>248,848</u>                      | <u>583,433</u>    | <u>45</u>                                    |
| Total assets                              | <u>\$ 522,547</u>                  | <u>\$ 372,268</u>                   | <u>\$ 894,815</u> | <u>\$ 34,256</u>                             |
| <b>LIABILITIES</b>                        |                                    |                                     |                   |  |
| Current liabilities:                      |                                    |                                     |                   |  |
| Accounts payable and accrued liabilities  | \$ 9,324                           | \$ 914                              | \$ 10,238         | \$ -   |
| Current portion of long-term liabilities  | -                                  | 20,000                              | 20,000            | -  |
| Total current liabilities                 | 9,324                              | 20,914                              | 30,238            | -  |
| Non-current liabilities:                  |                                    |                                     |                   |  |
| Due in more than one year                 | -                                  | 171,667                             | 171,667           | -  |
| Total liabilities                         | <u>9,324</u>                       | <u>192,581</u>                      | <u>201,905</u>    | <u>-</u>                                     |
| <b>NET POSITION</b>                       |                                    |                                     |                   |  |
| Net investment in capital assets          | 334,585                            | 92,409                              | 426,994           | -  |
| Restricted for:                           |                                    |                                     |                   |  |
| Transportation                            | 57                                 | -                                   | 57                | -  |
| Road repaving                             | 39,286                             | -                                   | 39,286            | -  |
| Stabilization by State Statute            | 1,399                              | -                                   | 1,399             | -  |
| Other functions                           | -                                  | -                                   | -                 | 34,256                                       |
| Unrestricted                              | <u>137,896</u>                     | <u>87,278</u>                       | <u>225,174</u>    | <u>-</u>                                     |
| Total net position                        | <u>\$ 513,223</u>                  | <u>\$ 179,687</u>                   | <u>\$ 692,910</u> | <u>\$ 34,256</u>                             |

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



**Town of Lake Santeetlah  
Statement of Activities  
For the Year Ended June 30, 2021**

| Functions/Programs                         | Program Revenues  |                      |                                    |                                  |             | Net (Expense) Revenue and Changes in Net |                          |                    |                               |
|--|-------------------|----------------------|------------------------------------|----------------------------------|-------------|--|--------------------------|--------------------|-------------------------------|
|  | Expenses          | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |             | Governmental Activities                  | Business-type Activities | Total              | Tourism Development Authority |
| <b>Primary Government:</b>                 |                   |                      |                                    |                                  |             |  |                          |                    |                               |
| Governmental Activities:                   |                   |                      |                                    |                                  |             |  |                          |                    |                               |
| General government                         | \$ 278,300        | \$ -                 | \$ 17,105                          | \$ -                             | \$ -        | \$(261,195)                              | \$ -                     | \$(261,195)        |                               |
| Public safety                              | 15,544            | -                    | -                                  | -                                | -           | (15,544)                                 | -                        | (15,544)           |                               |
| Transportation                             | 26,848            | -                    | -                                  | 7,552                            | -           | (19,296)                                 | -                        | (19,296)           |                               |
| Interest on long-term debt                 | -                 | -                    | -                                  | -                                | -           | -  | -                        | -                  |                               |
| Total governmental activities              | <u>320,692</u>    | <u>-</u>             | <u>17,105</u>                      | <u>7,552</u>                     | <u>-</u>    | <u>(296,035)</u>                         | <u>-</u>                 | <u>(296,035)</u>   |                               |
| Business-type activities                   |                   |                      |                                    |                                  |             |  |                          |                    |                               |
| Water                                      | 95,604            | 131,656              | -                                  | -                                | -           | -  | 36,052                   | 36,052             |                               |
| Total business-type activities             | <u>95,604</u>     | <u>131,656</u>       | <u>-</u>                           | <u>-</u>                         | <u>-</u>    | <u>-</u>                                 | <u>36,052</u>            | <u>36,052</u>      |                               |
| Total primary government                   | <u>\$ 416,296</u> | <u>\$ 131,656</u>    | <u>\$ 17,105</u>                   | <u>\$ 7,552</u>                  | <u>\$ -</u> | <u>\$(296,035)</u>                       | <u>\$ 36,052</u>         | <u>\$(259,983)</u> |                               |
| Component unit:                            |                   |                      |                                    |                                  |             |  |                          |                    |                               |
| Tourism Development Authority              | 9,166             | 25,320               | -                                  | -                                | -           | -  | -                        | -                  | 16,154                        |
| Total component unit                       | <u>\$ 9,166</u>   | <u>\$ 25,320</u>     | <u>\$ -</u>                        | <u>\$ -</u>                      | <u>\$ -</u> | <u>\$ -</u>                              | <u>\$ -</u>              | <u>\$ -</u>        | <u>\$ 16,154</u>              |
| General revenues:                          |                   |                      |                                    |                                  |             |  |                          |                    |                               |
| Taxes:                                     |                   |                      |                                    |                                  |             |  |                          |                    |                               |
| Property taxes, levied for general purpose |                   |                      |                                    |                                  |             | 206,759                                  | -                        | 206,759            | -                             |
| Other taxes                                |                   |                      |                                    |                                  |             | 101,539                                  | -                        | 101,539            | -                             |
| Unrestricted investment earnings           |                   |                      |                                    |                                  |             | 121                                      | 59                       | 180                | -                             |
| Miscellaneous                              |                   |                      |                                    |                                  |             | 2,523                                    | -                        | 2,523              | -                             |
| Total general revenues                     |                   |                      |                                    |                                  |             | <u>310,942</u>                           | <u>59</u>                | <u>311,001</u>     | <u>-</u>                      |
| Change in net position                     |                   |                      |                                    |                                  |             | 14,907                                   | 36,111                   | 51,018             | 16,154                        |
| Net position - beginning                   |                   |                      |                                    |                                  |             | 498,316                                  | 143,576                  | 641,892            | 18,102                        |
| Net position - ending                      |                   |                      |                                    |                                  |             | <u>\$ 513,223</u>                        | <u>\$ 179,687</u>        | <u>\$ 692,910</u>  | <u>\$ 34,256</u>              |

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

**Town of Lake Santeetlah  
Balance Sheet  
Governmental Funds  
June 30, 2021**

|   | <b>Major Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------|---|
|   | <b>General</b>    |   |
| <b>ASSETS</b>   |                   |   |
| Cash and cash equivalents   | \$ 147,220        | \$ 147,220                              |
| Restricted cash and cash equivalents                              | 39,343            | 39,343                                  |
| Due from other governmental agencies                              | 1,399             | 1,399                                   |
| Due from other funds  | -                 | -                                       |
| Total assets  | \$ 187,962        | \$ 187,962                              |
| <b>LIABILITIES</b>  |                   |   |
| Current liabilities:  |                   |   |
| Accounts payable and accrued liabilities                          | \$ 9,324          | \$ 9,324                                |
| Total current liabilities   | 9,324             | 9,324                                   |
| <b>FUND BALANCES:</b>   |                   |   |
| Restricted  |                   |   |
| Transportation  | 57                | 57                                      |
| Road repaving   | 39,286            | 39,286                                  |
| Stabilization by State Statute                                    | 1,399             | 1,399                                   |
| Unassigned  | 137,896           | 137,896                                 |
| Total fund balances   | 178,638           | 178,638                                 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 187,962        |   |

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 334,585

Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds -

Net position of governmental activities \$ 513,223

**Town of Lake Santeetlah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For Year Ended June 30, 2021**

|                              | <u>Major Fund</u> | <u>Total</u>        |
|------------------------------|-------------------|---------------------|
|                              | <u>General</u>    | <u>Governmental</u> |
|                              |                   | <u>Funds</u>        |
| <b>REVENUES</b>              |                   |                     |
| Ad valorem taxes             | \$ 206,759        | \$ 206,759          |
| Other taxes                  | 101,539           | 101,539             |
| Restricted intergovernmental | 7,552             | 7,552               |
| Contributions                | 17,105            | 17,105              |
| Investment earnings          | 121               | 121                 |
| Miscellaneous                | <u>2,523</u>      | <u>2,523</u>        |
| Total revenues               | 335,599           | 335,599             |
| <b>EXPENDITURES</b>          |                   |                     |
| Current:                     |                   |                     |
| General government           | 251,538           | 251,538             |
| Public safety                | 15,544            | 15,544              |
| Transportation               | 26,848            | 26,848              |
| Capital outlay               | <u>95,982</u>     | <u>95,982</u>       |
| Total expenditures           | <u>389,912</u>    | <u>389,912</u>      |
| Net change in fund balances  | (54,313)          | (54,313)            |
| Fund balances – beginning    | <u>232,951</u>    | <u>232,951</u>      |
| Fund balances – ending       | <u>\$ 178,638</u> | <u>\$ 178,638</u>   |

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

Net changes in fund balances – total governmental funds (54,313)

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.

Principal payments on long-term debt -

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

|  |                  |
|--|------------------|
| Capital outlay   | 95,982           |
| Depreciation   | <u>(26,762)</u>  |
| Total changes in net position of governmental activities | <u>\$ 14,907</u> |

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

**Town of Lake Santeetlah  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2021**

|                                    | General Fund   |                |                   |   |
|------------------------------------|----------------|----------------|-------------------|---|
|                                    | Original       | Final          | Actual<br>Amounts | Variance with<br>Final Budget –<br>Positive<br>(Negative) |
| <b>Revenues:</b>                   |                |                |                   |   |
| Ad valorem taxes                   | \$ 221,090     | \$ 220,590     | \$ 206,759        | \$ (13,831)   |
| Other taxes                        | 83,375         | 83,375         | 101,539           | 18,164  |
| Restricted intergovernmental       | 8,417          | 8,417          | 7,552             | (865)   |
| Investment earnings                | 100            | 100            | 121               | 21  |
| Contributions                      | 10,000         | 10,000         | 17,105            | 7,105   |
| Miscellaneous                      | <u>12,126</u>  | <u>12,626</u>  | <u>2,523</u>      | <u>(10,103)</u>   |
| <b>Total revenues</b>              | <u>335,108</u> | <u>335,108</u> | <u>335,599</u>    | <u>491</u>  |
| <b>Expenditures:</b>               |                |                |                   |   |
| <b>Current:</b>                    |                |                |                   |   |
| General government                 | 182,128        | 253,303        | 251,538           | 1,765   |
| Public safety                      | 18,500         | 18,500         | 15,544            | 2,956   |
| Transportation                     | 134,345        | 61,505         | 26,848            | 34,657  |
| Contingency                        | -              | -              | -                 | -   |
| Capital outlay                     | <u>3,000</u>   | <u>1,800</u>   | <u>95,982</u>     | <u>(94,182)</u>   |
| <b>Total expenditures</b>          | <u>337,973</u> | <u>335,108</u> | <u>389,912</u>    | <u>(54,804)</u>   |
| Revenues over (under) expenditures | (2,865)        | -              | (54,313)          | (54,313)  |
| Fund Balance Appropriations        | <u>2,865</u>   | <u>-</u>       | <u>-</u>          | <u>-</u>  |
| Net change in fund balance         | <u>\$ -</u>    | <u>\$ -</u>    | (54,313)          | <u>\$ (54,313)</u>  |
| Fund balances, beginning of year   |                |                | <u>232,951</u>    |   |
| Fund balances, end of year         |                |                | <u>\$ 178,638</u> |   |

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

**Town of Lake Santeetlah**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

|   | <u>Major Enterprise<br/>Fund</u> |    | <u>Total Proprietary<br/>Funds</u> |
|---|----------------------------------|----|------------------------------------|
|   | <u>Water Fund</u>                |    |                                    |
| <b>ASSETS</b>                             |                                  |    |                                    |
| Current assets:                           |                                  |    |                                    |
| Cash and cash equivalents                 | \$ 109,014                       | \$ | 109,014                            |
| Accounts receivable                       | 14,406                           |    | 14,406                             |
| Total current assets                      | <u>123,420</u>                   |    | <u>123,420</u>                     |
| Capital Assets:                           |                                  |    |                                    |
| Other capital assets, net of depreciation | 248,848                          |    | 248,848                            |
| Capital assets (net)                      | <u>248,848</u>                   |    | <u>248,848</u>                     |
| Total assets                              | <u>\$ 372,268</u>                | \$ | <u>372,268</u>                     |
| <b>LIABILITIES</b>                        |                                  |    |                                    |
| Current liabilities:                      |                                  |    |                                    |
| Accounts payable and accrued liabilities  | \$ 914                           | \$ | 914                                |
| Current portion of long-term liabilities  | 20,000                           |    | 20,000                             |
| Total current liabilities                 | <u>20,914</u>                    |    | <u>20,914</u>                      |
| Non-current liabilities                   |                                  |    |                                    |
| Due in more than one year                 | 171,667                          |    | 171,667                            |
| Total liabilities                         | <u>192,581</u>                   |    | <u>192,581</u>                     |
| <b>NET POSITION</b>                       |                                  |    |                                    |
| Net investment in capital assets          | 92,409                           |    | 92,409                             |
| Unrestricted                              | 87,278                           |    | 87,278                             |
| Total net position                        | <u>\$ 179,687</u>                | \$ | <u>179,687</u>                     |

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

**Town of Lake Santeetlah**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

|  | Major Enterprise<br>Fund | Total Proprietary<br>Funds |
|--|--------------------------|----------------------------|
|  | Water Fund               |                            |
| <b>OPERATING REVENUES</b>                    |                          |                            |
| Charges for services                         | \$ 131,656               | \$ 131,656                 |
| <b>Total operating revenues</b>              | 131,656                  | 131,656                    |
| <b>OPERATING EXPENSES</b>                    |                          |                            |
| Finance and administration                   | 41,928                   | 41,928                     |
| Water treatment and distribution             | 44,169                   | 44,169                     |
| Depreciation                                 | 6,821                    | 6,821                      |
| <b>Total operating expenses</b>              | 92,918                   | 92,918                     |
| <b>Operating income</b>                      | 38,738                   | 38,738                     |
| <b>NONOPERATING REVENUES (EXPENSES)</b>      |                          |                            |
| Interest charges                             | (2,686)                  | (2,686)                    |
| Investment earnings                          | 59                       | 59                         |
| <b>Total nonoperating revenue (expenses)</b> | (2,627)                  | (2,627)                    |
| <b>Change in net position</b>                | 36,111                   | 36,111                     |
| <b>Total net position – beginning</b>        | 143,576                  | 143,576                    |
| <b>Total net position – ending</b>           | \$ 179,687               | \$ 179,687                 |

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

**Town of Lake Santeetlah**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

|   | <b>Major Enterprise<br/>Fund</b> |
|---|----------------------------------|
|   | <b>Water Fund</b>                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                  |
| Cash received from customers and grants   | \$ 131,656                       |
| Cash paid for goods and services  | (57,776)                         |
| Cash paid to or on behalf of employees for services                                     | (31,152)                         |
| Net cash provided by operating activities   | 42,728                           |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>                                 |                                  |
| Increase in internal advances   | (11,107)                         |
| Net cash provided by non-capital financing activities                                   | (11,107)                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                  |
| Investment earnings   | 59                               |
| Net cash provided by investing financing activities                                     | 59                               |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                         |                                  |
| Acquisition of capital assets   | (156,439)                        |
| Proceeds from non-general obligation indebtedness                                       | 200,000                          |
| Principal payments on long-term debt  | (23,265)                         |
| Net cash provided by capital and related financing activities                           | 20,296                           |
| Net decrease in cash and cash equivalents   | 51,976                           |
| Balances – beginning of the year  | 57,038                           |
| Balances – end of the year  | \$ 109,014                       |
| Reconciliation of operating income to net cash provided by operating activities:        |                                  |
| Operating income  | 38,738                           |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                                  |
| Depreciation  | 6,821                            |
| Increase in accounts receivable   | (3,745)                          |
| Increase in accounts payable  | 914                              |
| Total adjustments   | 3,990                            |
| Net cash provided by operating activities   | \$ 42,728                        |

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

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Lake Santeetlah, North Carolina (the Town) and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

Town of Lake Santeetlah Tourism and Development Authority (TDA)

The TDA was authorized under North Carolina Senate Bill 140, which authorized the Town to levy a room occupancy tax of up to 3%, the proceeds of which would be remitted to a Tourism Development Authority. The TDA is required to use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourist-related expenditures. The TDA has a June 30 year-end, and is presented as if it were a proprietary fund (discrete presentation).

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. 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 of 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. At present, the Town does not have any non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.



**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

The Town reports the following major governmental fund:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and general government services. The Town reports the following major enterprise fund:

**Water Fund.** This fund is used to account for the Town's water operations

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, 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's enterprise fund are charges to customers for water 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 system. Operating expenses for enterprise funds include the cost of water treatment and distribution, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

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

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 during 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, 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 because the tax is levied by Graham 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 North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**E. Assets, Liabilities, and Fund Equity**

**1. Deposits and Investments**

All deposits of the Town and TDA are made in Town Council-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the TDA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and TDA 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 and the TDA 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 and TDA's investments are generally reported at fair value.

**2. Cash and Cash Equivalents**

The Town pools money from its two funds to facilitate disbursement and investment and to maximize investment income and considers all cash and certain investments to be cash and cash equivalents. The TDA considers all highly liquid investments (including restricted assets) with maturities of three months or less when purchased to be cash and cash equivalents.

**3. Restricted Assets**

Powell Bill funds are classified as restricted cash because they can be only expended for the purposes outlined in G.S. 136-41.1 through 136-41.4.

**Town Restricted Cash:**

**Government activities**

**General fund**

|                       |                  |
|-----------------------|------------------|
| Powell Bill           | \$ 57            |
| Road paving           | <u>39,286</u>    |
| Total restricted cash | <u>\$ 39,343</u> |

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13 (a)], the Town levies ad valorem taxes on property, other than motor vehicles, on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, 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 that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts. The Town has entered into an agreement with Graham County to collect ad valorem taxes. The agreement eliminates the discount offered for early payment. For the year ended June 30, 2021 the Town paid \$11,378 to Graham County for this service.

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

5. 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. At June 30, 2021, the Town has determined all receivables are fully realizable.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost exceeding a defined capitalization cost and an estimated useful life in excess of two years. The Town has established a minimum capitalization cost of \$500 for all newly acquired assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network that was acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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          | 20                            |
| Buildings               | 39                            |
| Improvements            | 15                            |
| Equipment and furniture | 3-10                          |
| Computer equipment      | 3                             |

Property, plant and equipment of the TDA are depreciated over their useful lives on a straight-line basis as follows:

| <u>Asset Class</u>      | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Buildings               | 20                            |
| Vehicles                | 3-5                           |
| Equipment and furniture | 10                            |
| Computer equipment      | 3                             |

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

7. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflow 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 no items that meet this criteria. 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 no items that meets this criteria.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are not recorded as the leave is earned because the Town has only three employees and any remaining amounts of vacation not taken at any point in time would be immaterial to the financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. 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.

10. Net Position / Fund Balances

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt, 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.

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Non-spendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town does not have any non-spendable fund balance at June 30, 2021.

**Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute –North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute".

*Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**Restricted for Streets – Powell Bill (Transportation)** - portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

**Restricted for road paving** – portion of the long-term debt that was acquired for the sole purpose of road maintenance.

**Assigned Fund Balance** – the portion of fund balance that the Town intends to use for a specific purpose. At June 30, 2021 the Town did not have any assigned fund balance.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town'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. The Town did not have any committed fund balance at June 30, 2021.

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

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**II. Stewardship, Compliance, and Accountability**

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

1. Noncompliance with North Carolina Statutes

For the fiscal year ended June 30, 2021, the Town had no instances of noncompliance.

2. Contractual Violations

For the fiscal year ended June 30, 2021, the Town had no contractual violations.

B. Excess of Expenditures over Appropriation

For the fiscal year ended June 30, 2021, no expenditures were made by the Town's General Fund in excess of the authorized appropriations made by the general government.

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

All the deposits of the Town and TDA 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 or TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and TDA, these deposits are considered to be held by the Town's and TDA's agents in the entities' names. 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 TDA. Because of the inability to measure the exact amounts of collateral pledged for the Town and TDA under the pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The TDA has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$256,234 and bank balances, at several commercial banks, totaling \$296,771. All the bank balances were covered by federal depository insurance. The carry amount of deposits for the TDA was \$34,211 and the bank balance was \$34,211.

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

2. Receivables – Allowance for Doubtful Accounts

At June 30, 2021, the Enterprise Fund had \$14,406 of accounts receivable from customers as a result of water service billings. The Town has determined, at June 30, 2021, that all receivables are fully realizable

Due from other governments reported in the General Fund consisted of \$1,399 from the State of North Carolina

3. Capital Assets

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2021 was as follows:

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|------------------|------------------|------------------|----------------------------|
| <b>Governmental Activities:</b>                  |                               |                  |                  |                  |                            |
| <b>Capital assets not being depreciated:</b>     |                               |                  |                  |                  |                            |
| Land   | \$ 10,570                     | \$ 95,982        | \$ -             | \$ -             | \$ 106,552                 |
| Total capital assets not being depreciated       | 10,570                        | 95,982           | -                | -                | 106,552                    |
| Capital assets being depreciated                 |                               |                  |                  |                  |                            |
| Land & infrastructure improvements               | 694,829                       | -                | -                | -                | 694,829                    |
| Buildings and building improvements              | 115,767                       | -                | -                | -                | 115,767                    |
| Computers  | 1,333                         | -                | -                | -                | 1,333                      |
| Equipment and furniture and fixtures             | <u>80,147</u>                 | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>80,147</u>              |
| Total capital assets being depreciated           | 892,076                       | -                | -                | -                | 892,076                    |
| <b>Less accumulated depreciation for:</b>        |                               |                  |                  |                  |                            |
| Land & infrastructure improvements               | 522,686                       | 19,023           | -                | -                | 541,709                    |
| Buildings and building improvements              | 61,087                        | 2,789            | -                | -                | 63,876                     |
| Computers  | 1,255                         | 53               | -                | -                | 1,308                      |
| Equipment and furniture and fixtures             | <u>52,253</u>                 | <u>4,897</u>     | <u>-</u>         | <u>-</u>         | <u>57,150</u>              |
| Total accumulated depreciation                   | <u>637,281</u>                | <u>26,762</u>    | <u>-</u>         | <u>-</u>         | <u>664,043</u>             |
| Total capital assets being depreciated, net      | <u>254,795</u>                | <u>(26,762)</u>  | <u>-</u>         | <u>-</u>         | <u>228,033</u>             |
| <b>Governmental activity capital assets, net</b> | <u>\$ 265,365</u>             | <u>\$ 69,220</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 334,585</u>          |



**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

|   | <u>Beginning</u><br><u>Balances</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Transfers</u> | <u>Ending</u><br><u>Balances</u> |
|---|-------------------------------------|-------------------|------------------|------------------|----------------------------------|
| <b>Business - type activities:</b>        |                                     |                   |                  |                  |                                  |
| <i>Water Fund</i>                         |                                     |                   |                  |                  |                                  |
| <b>Capital assets being depreciated:</b>  |                                     |                   |                  |                  |                                  |
| Equipment and furniture and fixtures      | \$ 60,561                           | \$ -              | \$ -             | \$ -             | \$ 60,561                        |
| Plant and system distributions            | 795,683                             | 156,439           | -                | -                | 952,122                          |
| Total capital assets being depreciated    | 856,244                             | 156,439           | -                | -                | 1,012,683                        |
| <b>Less accumulated depreciation for:</b> |                                     |                   |                  |                  |                                  |
| Equipment and furniture and fixtures      | 46,425                              | 1,060             | -                | -                | 47,485                           |
| Plant and system distributions            | 710,589                             | 5,761             | -                | -                | 716,350                          |
| Total accumulated depreciation            | 757,014                             | 6,821             | -                | -                | 763,835                          |
| <b>Water fund capital assets, net</b>     | <u>\$ 99,230</u>                    | <u>\$ 149,618</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 248,848</u>                |

**B. Liabilities**

1. Pension Plan Obligations

The Town is not a participating unit of the Local Governmental Employees' Retirement System administered by the State of North Carolina.

2. Deferred Outflows and Inflows of Resources

The Town did not have any items meeting these criteria at June 30, 2021.

3. Commitments

The Town did not have any significant commitments at June 30, 2021.

4. Operating Leases

The Town leases the land for the water system and wells from the U.S. Forest Service. Lease payments are \$1,000 every five years. The lease agreement was renewed for an additional term in 2020.

The Town rents half of the Town Hall facility to the Water Fund on a month-to-month rental of \$100 per month.

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Through commercial coverage, the Town obtained general liability coverage of \$2 million per occurrence, property coverage up to replacement value, and workers' compensation coverage up to \$1 million per occurrence. There have been no significant reductions in insurance coverage in the prior year, and there have been no claims in the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access at any given time to \$100 or more of the Town's funds are performance bonded through a commercial surety bond. The Town's finance officer, the TDA's finance officer and tax collector/town clerk are each individually bonded for \$500,000 each. The remaining employees that have access to funds are bonded under a blanket bond up to a limit of either \$20,000 or \$25,000 per occurrence, depending on the type of crime.

6. Claims, Judgments and Contingent Liabilities

During the previous fiscal years the Town was the defendant in several legal actions. In one action, a resident claimed action involves two residents who have sued the Town and its Mayor and Vice Mayor. The plaintiffs claim the Town violated various laws while selling land. The Town rigorously disputed this claim and at June 30, 2021 the case was in the final stages of litigation.

There are no other claims, judgments or contingent liabilities at June 30, 2021.

7. Long-Term Obligations

a. Non General Obligation Indebtedness

During a previous fiscal year, the Town entered into a term loan with United Community Bank. The loan originated December 2016, for \$50,000, requiring monthly payments of \$927, including interest at 3.58%, maturing October 2021. The loan was paid off in full during 2021. In January 2021 the Town entered into a term loan with United Community Bank, for \$200,000, requiring monthly payments of \$1,667, plus interest at 2.95%, maturing January 2031. The balance outstanding at June 30, 2021 was \$191,667.

Annual debt service requirements to maturity for long-term obligations are as follows:

| Year Ending June 30: | <u>Business-type Activities</u> |                  |
|----------------------|---------------------------------|------------------|
|                      | <u>Principal</u>                | <u>Interest</u>  |
| 2022                 | \$ 20,000                       | \$ 697           |
| 2023                 | 20,000                          | 5,382            |
| 2023                 | 20,000                          | 4,793            |
| 2025                 | 20,000                          | 4,204            |
| 2026                 | 20,000                          | 3,614            |
| 2027 - 2031          | <u>91,667</u>                   | <u>9,329</u>     |
| Total                | <u>\$ 191,667</u>               | <u>\$ 28,019</u> |

**Town of Lake Santeetlah, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

b. Changes in Long-Term Liabilities

|                                     | Beginning<br>Balances | Increases         | Decreases          | Ending<br>Balances | Current<br>Portion |
|-------------------------------------|-----------------------|-------------------|--------------------|--------------------|--------------------|
| Business-type activities:           |                       |                   |                    |                    |                    |
| Non-general obligation indebtedness | \$ 14,932             | \$ 200,000        | \$ (23,265)        | \$ 191,667         | \$ 20,000          |
|                                     | <u>\$ 14,932</u>      | <u>\$ 200,000</u> | <u>\$ (23,265)</u> | <u>\$ 191,667</u>  | <u>\$ 20,000</u>   |

At June 30, 2021, the Town had no general obligation debt outstanding. At June 30, 2021, the Town had a legal debt margin of \$6,655,927.

d. Interfund Balances and Activity

**Balances Due to/from Other Funds**

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) allocation of operating expense in a 60% / 40% allocation, and (4) payments between funds are made. At June 30, 2021 there were no interfund balances outstanding.

C. 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 | \$ 178,638        |
| Less:                             |                   |
| Transportation - Powell Bill      | (57)              |
| Road paving                       | (39,286)          |
| Stabilization for State Statute   | <u>(1,399)</u>    |
| Remaining fund balance            | <u>\$ 137,896</u> |

Town of Lake Santeetlah  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2021

|                                 | 2021           |                |                                 |
|---------------------------------|----------------|----------------|---------------------------------|
|                                 | Budget         | Actual         | Variance Positive<br>(Negative) |
| <b>Revenues:</b>                |                |                |                                 |
| Ad valorem taxes:               |                |                |                                 |
| Taxes                           | \$ 220,590     | \$ 206,759     | \$ (13,831)                     |
| Penalties and interest          | -              | -              | -                               |
| Total                           | <u>220,590</u> | <u>206,759</u> | <u>(13,831)</u>                 |
| Unrestricted intergovernmental: |                |                |                                 |
| Local option sales tax          | 68,400         | 85,587         | 17,187                          |
| Utility franchise tax           | 13,400         | 13,625         | 225                             |
| Sales tax refund                | 600            | 1,399          | 799                             |
| DMV tax refund                  | 975            | 928            | (47)                            |
| Total                           | <u>83,375</u>  | <u>101,539</u> | <u>18,164</u>                   |
| Restricted intergovernmental:   |                |                |                                 |
| Powell Bill allocation          | 8,417          | 7,552          | (865)                           |
| Investment earnings             | 100            | 121            | 21                              |
| Contributions                   | 10,000         | 17,105         | 7,105                           |
| Miscellaneous                   | 12,626         | 2,523          | (10,103)                        |
| Total revenues                  | <u>335,108</u> | <u>335,599</u> | <u>491</u>                      |
| <b>Expenditures:</b>            |                |                |                                 |
| General government:             |                |                |                                 |
| Governing body:                 |                |                |                                 |
| Professional services           | 83,348         | 97,004         | (13,656)                        |
| Total                           | <u>83,348</u>  | <u>97,004</u>  | <u>(13,656)</u>                 |
| Administration:                 |                |                |                                 |
| Salaries and employee benefits  | 118,268        | 110,363        | 7,905                           |
| Other operating expenditures    | 26,187         | 20,678         | 5,509                           |
| Donations                       | 2,000          | 600            | 1,400                           |
| Total                           | <u>146,455</u> | <u>131,641</u> | <u>14,814</u>                   |

**Town of Lake Santeetlah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2021**

|                              | 2021      |           | Variance Positive<br>(Negative) |
|------------------------------|-----------|-----------|---------------------------------|
|                              | Budget    | Actual    |                                 |
| <b>Tax Collection:</b>       |           |           |                                 |
| Other operating expenditures | \$ 12,000 | \$ 11,378 | \$ 622                          |
| Total                        | 12,000    | 11,378    | 622                             |
| <b>Public buildings:</b>     |           |           |                                 |
| Other operating expenditures | \$ 5,500  | \$ 4,834  | \$ 666                          |
| Total                        | 5,500     | 4,834     | 666                             |
| <br>                         |           |           |                                 |
| Total general government     | 247,303   | 244,857   | 2,446                           |
| <b>Public safety:</b>        |           |           |                                 |
| Contracted services          | 9,000     | 8,847     | 153                             |
| Security light               | 8,500     | 6,696     | 1,804                           |
| Other operating expenditures | 1,000     | -         | 1,000                           |
| Total                        | 18,500    | 15,543    | 2,957                           |
| <b>Fire:</b>                 |           |           |                                 |
| Fire station contributions   | 6,000     | 6,000     | -                               |
| Total                        | 6,000     | 6,000     | -                               |
| <br>                         |           |           |                                 |
| Total public safety          | 24,500    | 21,543    | 2,957                           |

**Town of Lake Santeetlah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2021**

|                                   | 2021           |                   |                                 |
|-----------------------------------|----------------|-------------------|---------------------------------|
|                                   | Budget         | Actual            | Variance Positive<br>(Negative) |
| Transportation:                   |                |                   |                                 |
| Streets and highways:             |                |                   |                                 |
| Other operating expenditures      | \$ 13,205      | \$ 10,979         | \$ 2,226                        |
| Contracted services               | 13,800         | 13,720            | 80                              |
| Repairs and maintenance           | <u>34,500</u>  | <u>2,831</u>      | <u>31,669</u>                   |
| Total transportation              | 61,505         | 27,530            | 33,975                          |
| Contingency allowance             | -              | -                 | -                               |
| Debt service:                     |                |                   |                                 |
| Principal                         | -              | -                 | -                               |
| Interest and other charges        | -              | -                 | -                               |
| Capital outlay                    | <u>1,800</u>   | <u>95,982</u>     | <u>(94,182)</u>                 |
| Total expenditures                | <u>335,108</u> | <u>389,912</u>    | <u>(54,804)</u>                 |
| Revenue over (under) expenditures | -              | (54,313)          | (54,313)                        |
| Fund balance appropriated         | <u>-</u>       | <u>-</u>          | <u>-</u>                        |
| Net Change in fund balance        | <u>\$ -</u>    | <u>(54,313)</u>   | <u>\$ (54,313)</u>              |
| Fund balances:                    |                |                   |                                 |
| Beginning of year, July 1         |                | <u>232,951</u>    |                                 |
| End of year, June 30              |                | <u>\$ 178,638</u> |                                 |

**Town of Lake Santeetlah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Enterprise Fund**  
**For the Year Ended June 30, 2021**

|                                 | 2021       |            | Variance<br>Positive<br>(Negative) |
|---------------------------------|------------|------------|------------------------------------|
|                                 | Budget     | Actual     |                                    |
| Revenues:                       |            |            |                                    |
| Operating Revenues:             |            |            |                                    |
| Water charges                   | \$ 123,028 | \$ 131,656 | \$ 8,628                           |
| Total operating revenues        | 123,028    | 131,656    | 8,628                              |
| Non-operating revenues          |            |            |                                    |
| Miscellaneous income            | 1,000      | -          | (1,000)                            |
| Investment earnings             | 85         | 59         | (26)                               |
| Total nonoperating revenues     | 1,085      | 59         | (1,026)                            |
| Total Revenues                  | 124,113    | 131,715    | 7,602                              |
| Expenditures:                   |            |            |                                    |
| Water administration            |            |            |                                    |
| Audit fees                      | 3,600      | 3,450      | 150                                |
| Miscellaneous                   | 1,000      | 1,000      | -                                  |
| Total                           | 4,600      | 4,450      | 150                                |
| Water distribution:             |            |            |                                    |
| Salaries and employee benefits  | 36,414     | 31,152     | 5,262                              |
| Utilities                       | 4,100      | 4,504      | (404)                              |
| Postage                         | -          | 314        | (314)                              |
| Repairs and maintenance         | 38,027     | 10,384     | 27,643                             |
| Supplies, testing and chemicals | 11,000     | 8,143      | 2,857                              |
| Taxes and licenses              | 450        | 420        | 30                                 |
| Contract operator               | 15,000     | 15,000     | -                                  |
| Other operating expenses        | 12,344     | 11,730     | 614                                |
| Total                           | 117,335    | 81,647     | 35,688                             |

Town of Lake Santeetlah  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Non-GAAP) - Enterprise Fund  
 For the Year Ended June 30, 2021

|  | 2021      |           |                                    |
|--|-----------|-----------|------------------------------------|
|  | Budget    | Actual    | Variance<br>Positive<br>(Negative) |
| Debt service:  |           |           |                                    |
| Interest charges   | 2,178     | 2,686     | (508)                              |
| Principal retirement   | -         | 23,265    | (23,265)                           |
| Total  | 2,178     | 25,951    | (23,773)                           |
| Capital outlay:  |           |           |                                    |
| Water system renovations   | 200,000   | 156,439   | 43,561                             |
| Total  | 200,000   | 156,439   | 43,561                             |
| Total expenditures   | 324,113   | 268,487   | 55,626                             |
| Revenues over expenditures   | (200,000) | (136,772) | 63,228                             |
| Other financing sources  |           |           |                                    |
| Proceeds from bank note payable  | 200,000   | -         | 200,000                            |
| Total  | 200,000   | -         | 200,000                            |
| Revenues and other sources<br>over expenditures                                    | -         | (136,772) | 136,772                            |
| <b>Reconciliation from budgetary basis<br/>(modified accrual) to full accrual:</b> |           |           |                                    |
| Reconciling items:   |           |           |                                    |
| Capital outlay   |           | 156,439   |                                    |
| Principal retirement   |           | 23,265    |                                    |
| Depreciation   |           | (6,821)   |                                    |
| Total  |           | 172,883   |                                    |
| Change in net position   |           | \$ 36,111 |                                    |



**Town of Lake Santeetlah**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - TDA**  
**For the Year Ended June 30, 2021**

|                                    | <u>2021</u>   |               |                   | Variance with<br>Final Budget –<br>Positive<br>(Negative) |
|------------------------------------|---------------|---------------|-------------------|---|
|                                    | Original      | Final         | Actual<br>Amounts |   |
| Revenues:                          |               |               |                   |   |
| Occupancy taxes                    | \$ 10,000     | \$ 10,000     | \$ 25,320         | \$ 15,320   |
| Total revenues                     | <u>10,000</u> | <u>10,000</u> | <u>25,320</u>     | <u>15,320</u>   |
| Expenditures:                      |               |               |                   |   |
| General government                 |               |               |                   |   |
| Advertisements                     | 2,560         | 2,560         | 5,250             | (2,690)   |
| Capital projects                   | 6,000         | 6,000         | -                 | 6,000   |
| Social media initiative            | 40            | 40            | 73                | (33)  |
| Other expenditures                 | 710           | 710           | 757               | (47)  |
| Insurance                          | 1,600         | 1,600         | 1,701             | (101)   |
| Administrative:                    |               |               |                   |   |
| Professional services              | 600           | 600           | 500               | 100   |
| Other operating expenditures       | <u>390</u>    | <u>390</u>    | <u>885</u>        | <u>(495)</u>  |
| Total expenditures                 | <u>11,900</u> | <u>11,900</u> | <u>9,166</u>      | <u>2,734</u>  |
| Revenues over (under) expenditures | (1,900)       | (1,900)       | 16,154            | 18,054  |
| Fund Balance Appropriations        | <u>1,900</u>  | <u>1,900</u>  | <u>-</u>          | <u>1,900</u>  |
| Net change in fund balance         | <u>\$ -</u>   | <u>\$ -</u>   | 16,154            | <u>\$ 19,954</u>  |
| Fund balances, beginning of year   |               |               | <u>-</u>          |   |
| Fund balances, end of year         |               |               | <u>\$ 16,154</u>  |   |

**Town of Lake Santeetlah**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Year Ended June 30, 2021**

| <u>Fiscal Year</u>                  | <u>Uncollected Balance<br/>June 30, 2020</u> | <u>Additions</u>  | <u>Collections and<br/>Credits</u> | <u>Uncollected Balance<br/>June 30, 2021</u> |
|-------------------------------------|--|-------------------|------------------------------------|--|
| 2020-2021                           | \$ -   | \$ 222,403        | \$ 218,445                         | \$ 3,958                                     |
| 2019-2020                           | 1,893  | 279               | -                                  | 2,172  |
| 2018-2019                           | 1,046  | 249               | -                                  | 1,295  |
| 2017-2018                           | 291  | 50                | -                                  | 341  |
| 2016-2017                           | 21   | 9                 | -                                  | 30   |
| 2015-2016                           | 175  | 89                | -                                  | 264  |
| 2014-2015                           | 40   | 24                | -                                  | 64   |
|                                     | <u>\$ 3,466</u>                              | <u>\$ 223,103</u> | <u>\$ 218,445</u>                  | 8,124  |
|                                     |  |                   |                                    | <u>(8,124)</u>                               |
|                                     |  |                   |                                    | <u>\$ -</u>                                  |
| <u>Reconciliation with revenues</u> |  |                   |                                    |  |
|                                     |  |                   |                                    | \$ 206,759                                   |
|                                     |  |                   |                                    | 8,124  |
|                                     |  |                   |                                    | 11,378                                       |
|                                     |  |                   |                                    | <u>(7,816)</u>                               |
|                                     |  |                   |                                    | <u>\$ 218,445</u>                            |

**Town of Lake Santeetlah**  
**Analysis of Current Tax Levy - Town-Wide Levy**  
**For the Year Ended June 30, 2021**

|                                       | Town – Wide          |        |                   | Total Levy   |                              |
|---------------------------------------|----------------------|--------|-------------------|--|------------------------------|
|                                       | Property Valuation   | Rate   | Total Levy        | Property<br>excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor Vehicles |
| Original Levy:                        |                      |        |                   |  |                              |
| Property taxed at current year's rate | \$ 84,111,555        | 0.0026 | \$ 219,979        | \$ 219,979   | \$ 928                       |
| Discoveries                           |                      |        | 804               | 804  | -                            |
| Releases                              |                      |        | <u>(256)</u>      | <u>(256)</u>   | <u>-</u>                     |
| Total property valuation              | <u>\$ 84,111,555</u> |        |                   |  |                              |
| Net levy                              |                      |        | 220,527           | 220,527  | 928                          |
| Tax collection fees                   |                      |        | (11,378)          | (11,378)   |                              |
| Uncollected taxes at June 30, 2021    |                      |        | <u>(2,390)</u>    | <u>(2,390)</u>   | <u>-</u>                     |
| Current year's taxes collected        |                      |        | <u>\$ 206,759</u> | <u>\$ 206,759</u>  | <u>\$ 928</u>                |
| Current levy collection percentage    |                      |        | <u>98.92%</u>     | <u>98.92%</u>  |                              |