

TOWN OF ARCHER LODGE

NORTH CAROLINA

ANNUAL FINANCIAL REPORT

Town Council Members

Matthew B. Mulhollem, Mayor
Clyde B. Castleberry, Mayor Pro-Tem
Teresa M. Bruton
C. Michael Davis
C. Francine Echols
J. Mark Jackson

Administrative and Financial Staff

Mike Gordon, Interim Town Administrator/Budget Officer
Kim P. Batten, Assistant Town Administrator/Finance Officer
Ben King, Town Clerk

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Town of Archer Lodge, North Carolina
Table of Contents
June 30, 2025

| | <u>Page</u> |
|--|-------------|
| Financial Section: | |
| Independent Auditor’s Report | 5-7 |
| Management’s Discussion and Analysis | 9-16 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position – Exhibit 1 | 18 |
| Statement of Activities – Exhibit 2 | 19 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds – Exhibit 3 | 20 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position- Exhibit 3 | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Exhibit 4 | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Exhibit 4 (cont.) | 23 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Budget and Actual – Exhibit 5 | 24 |
| Notes to Financial Statements | 26-44 |
| Required Supplemental Financial Data: | |
| Schedule of the Proportionate Share of the Net Position Asset Local Government Employees’ Retirement System | 46 |
| Schedule of Contributions Local Government Employees’ Retirement System | 47 |
| Individual Fund Statements and Schedules | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund | 49-52 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual-Regional Economic Development Research Fund | 53 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual-State Capital & Infrastructure Fund (SCIF) Directed Grant | 54 |
| Combining Balance of Non-Major Governmental Funds | 55 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Non-Major Governmental Funds | 56 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Capital Reserve Fund | 57 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Park Reserve Fund | 58 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Public Safety Reserve Fund | 59 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Capital Project Fund-Town Park | 60 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual –American Rescue Plan Project Fund | 61 |

Other Schedules:

| | |
|---|----|
| Schedule of Ad Valorem Taxes Receivable | 63 |
| Analysis of Current Tax Levy – Town-Wide Levy | 64 |

Compliance Section

| | |
|---|-------|
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 66-67 |
|---|-------|

FINANCIAL SECTION

May & Place, PA

CERTIFIED PUBLIC ACCOUNTANTS

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DALE R. PLACE, CPA, CFE

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Archer Lodge, North Carolina

Report on Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the Town of Archer Lodge, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Archer Lodge's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Town of Archer Lodge as of June 30, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and major, annually budgeted special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Archer Lodge and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Archer Lodge's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known

information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Archer Lodge's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Archer Lodge's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 16, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 46 through 47, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 the 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 enough evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Archer Lodge's basic financial statements. The combining and individual non-major fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report date December 12, 2025, on our consideration of the Town of Archer Lodge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town Archer Lodge's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Archer Lodge's internal control over financial reporting and compliance.

May & Place, PA

May & Place, PA
Louisburg, NC
December 12, 2025

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Archer Lodge, we offer readers of the Town of Archer Lodge's financial statements this narrative overview and analysis of the financial activities of the Town of Archer Lodge for the fiscal year ended June 30, 2025. 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

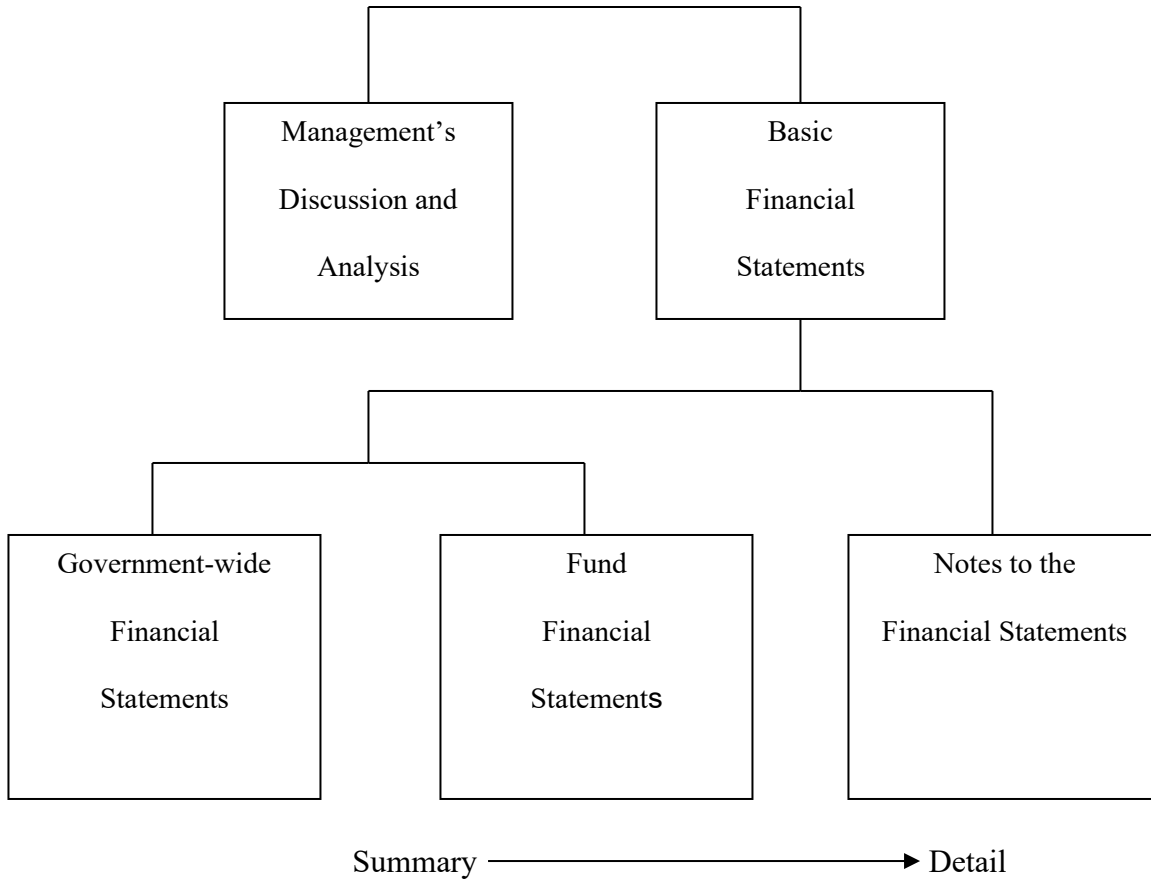
- The assets and deferred outflows of resources of the Town of Archer Lodge exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,817,272 (*net position*).
- The government's total net position increased by \$164,977.
- As of the close of the current fiscal year, the Town of Archer Lodge's governmental funds reported combined ending fund balances of \$4,549,062 with a net increase of \$26,636 in fund balances.
- Approximately 60% of this total fund balance, or \$2,717,707, is non-spendable or restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,211,464 or 54% of total general fund expenditures for the fiscal year.
- The Town of Archer Lodge's total debt decreased by \$121,236 (22%) during the current fiscal year.
- Continued work on phases 2 and 3 of the Park to include additional restroom facilities, pickle ball courts, multi-purpose fields, parking areas, and a parks maintenance facility.
- Continued partnerships with the Johnston County public schools, Archer Lodge Community Center, and Johnston County Little League to provide expanded recreational opportunities within the Town.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Archer Lodge's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Archer Lodge.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 5) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison for major governmental funds.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes can also 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 they have 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 comprised of the governmental activities. The governmental activities include all of the Town's basic services such as general government, public safety, and parks and recreation. Property taxes and state-shared revenues finance most of these activities.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Archer Lodge, 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 the funds of the Town of Archer Lodge are classified as governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Archer Lodge adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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.

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

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

Government-Wide Financial Analysis

Town of Archer Lodge’s Net Position

Figure 2

| | Governmental Activities | | Total | |
|---|-------------------------|--------------|--------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | \$ 4,706,759 | \$ 4,633,808 | \$ 4,706,759 | \$ 4,633,808 |
| Capital assets | 4,838,088 | 4,732,386 | 4,838,088 | 4,732,386 |
| Deferred outflows of resources | 271,198 | 195,092 | 271,198 | 195,092 |
| Total assets and deferred outflows of resources | 9,816,045 | 9,561,286 | 9,816,045 | 9,561,286 |
| Long-term liabilities outstanding | 842,416 | 796,427 | 842,416 | 796,427 |
| Other liabilities | 155,295 | 111,429 | 155,295 | 111,429 |
| Deferred inflows of resources | 1,062 | 1,135 | 1,062 | 1,135 |
| Total liabilities and deferred inflows of resources | 998,773 | 908,991 | 998,773 | 908,991 |
| Net Position: | | | | |
| Net investment in capital assets | 4,400,779 | 4,173,841 | 4,400,779 | 4,173,841 |
| Restricted | 2,717,707 | 493,678 | 2,717,707 | 493,678 |
| Unrestricted | 1,698,786 | 3,984,776 | 1,698,786 | 3,984,776 |
| Total net position | \$ 8,817,272 | \$ 8,652,295 | \$ 8,817,272 | \$ 8,652,295 |

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Town of Archer Lodge exceeded liabilities and deferred inflows by \$8,817,272 as of June 30, 2025. The Town’s net position increased by \$164,977 for the fiscal year ended June 30, 2025. A balance of \$4,400,779 represents the Town’s net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Archer Lodge uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Archer Lodge’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of the Town of Archer Lodge’s net position, \$2,717,707 (31%), represents resources that are subject to external restrictions on how they may be used.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.94%, which is somewhat better than municipalities of similar size in North Carolina (98.56%).
- Spending levels being significantly lower than budgeted amounts.

Town of Archer Lodge's Changes in Net Position

Figure 3

| | Governmental Activities 2025 | Governmental Activities 2024 | Total 2025 | Total 2024 |
|------------------------------------|---|---|-----------------------|-----------------------|
| Revenues: | | | | |
| Program revenues | | | | |
| Charges for services | \$ 91,671 | \$ 86,423 | \$ 91,671 | \$ 86,423 |
| Operating grants and contributions | 5,000 | 51,613 | 5,000 | 51,613 |
| Capital grants and contributions | 8,625 | 2,681,933 | 8,625 | 2,681,933 |
| General Revenues | | | | |
| Property taxes | 1,417,577 | 1,307,061 | 1,417,577 | 1,307,061 |
| Other taxes | 779,376 | 624,819 | 779,376 | 624,819 |
| Investment earnings | 183,279 | 138,539 | 183,279 | 138,539 |
| Other | 13,947 | 5,446 | 13,947 | 5,446 |
| Total revenues | <u>2,499,475</u> | <u>4,895,834</u> | <u>2,499,475</u> | <u>4,895,834</u> |
| Expenses: | | | | |
| General government | 873,424 | 1,116,671 | 873,424 | 1,116,671 |
| Public safety | 612,079 | 518,505 | 612,079 | 518,505 |
| Transportation | 18,094 | 19,798 | 18,094 | 19,798 |
| Economic and physical development | 178,104 | 180,969 | 178,104 | 180,969 |
| Cultural and recreation | 633,781 | 554,503 | 633,781 | 554,503 |
| Interest on long-term debt | 19,016 | 23,193 | 19,016 | 23,193 |
| Total expenses | <u>2,334,498</u> | <u>2,413,639</u> | <u>2,334,498</u> | <u>2,413,639</u> |
| Increase in net position | 164,977 | 2,482,195 | 164,977 | 2,482,195 |
| Net position beginning | 8,652,295 | 6,170,100 | 8,652,295 | 6,170,100 |
| Net position, June 30 | <u>\$ 8,817,272</u> | <u>\$ 8,652,295</u> | <u>\$ 8,817,272</u> | <u>\$ 8,652,295</u> |

The Town's overall net position increased \$164,977 from the prior year. The reasons for this decrease was due to a \$2,365,000 grant being received in the prior year.

Governmental activities: Governmental activities decreased the Town's net position by \$2,317,218 thereby accounting for all the total decrease in the net position of the Town of Archer Lodge.

Certain Key elements for the governmental funds:

- Total revenues were 7% higher than operating expenses incurred by the Town.
- Property tax revenue increased 9%.

- The Town receives 34% of their operating budget from state-shared revenues including but not limited to utility franchise taxes and sales taxes.
- The Town continued to receive PEG channel support from the NC Department of Revenue and contribution to East Wake Television (PEG Media Partners) of \$77,201.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Archer Lodge. At the end of the current fiscal year, Town of Archer Lodge's fund balance available in the General Fund was \$1,211,464 while total fund balance in the General Fund was \$1,371,952. The Town currently has an available fund balance of 54% of general fund expenditures, while total fund balance represents 62% of that same amount.

At June 30, 2025, the governmental funds of Town of Archer Lodge reported a combined fund balance of \$4,549,062 with a net increase in fund balance of \$26,636.

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

Total revenue exceeded budgeted revenue primarily because of state shared revenues and property tax revenues came in higher than expected. The Town took continued steps to keep expenditures low in order to build the amount of unreserved fund balance. Also, the Town hired a full-time town planner and a park maintenance technician, which increased payroll expenses. The Town continued receiving police protection services from Johnston County at no cost to the Town for the current year.

Capital Asset and Debt Administration

Capital Assets. The Town of Archer Lodge's investment in capital assets for its governmental activities as of June 30, 2025, totals \$4,838,088 (net of accumulated depreciation). These assets include land, buildings, equipment, and IT subscriptions.

Major capital asset transactions during the year which ended June 30, 2025, included parks construction of \$227,274.

**Town of Archer Lodge's Capital Assets
(Net of Depreciation)
Figure 4**

| | Governmental Activities | | Total | |
|--------------------------|--------------------------------|---------------------|---------------------|---------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Land | \$ 804,123 | \$ 804,123 | \$ 804,123 | \$ 804,123 |
| Construction in progress | 825,607 | 598,333 | 825,607 | 598,333 |
| Buildings | 552,009 | 579,586 | 552,009 | 579,586 |
| Equipment | 76,491 | 81,953 | 76,491 | 81,953 |
| Vehicles | 67,008 | 51,140 | 67,008 | 51,140 |
| Infrastructure | 2,490,880 | 2,582,471 | 2,490,880 | 2,582,471 |
| IT subscriptions | 21,970 | 34,781 | 21,970 | 34,781 |
| Total capital assets | <u>\$ 4,838,088</u> | <u>\$ 4,732,387</u> | <u>\$ 4,838,088</u> | <u>\$ 4,732,387</u> |

Additional information on the Town's capital assets can be found in Note III.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2025, the Town of Archer Lodge had a total installment debt outstanding of \$409,667. The full amount of the debt is backed by the full faith and credit of the Town.

Town of Archer Lodge's Outstanding Debt

Figure 5

| | Governmental Activities | | Total | |
|-------------------------------|--------------------------------|-------------------|-------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Installment Purchases | \$ 409,667 | \$ 520 000 | \$ 409,667 | \$ 520 000 |
| IT Subscription Liabilities | 27,642 | 38 545 | 27,642 | 38 545 |
| Net Pension Liability (LGERS) | 338,287 | 197 302 | 338,287 | 197 302 |
| Compensated Absences | 66,820 | 40 580 | 66,820 | 40 580 |
| Total | <u>\$ 842,416</u> | <u>\$ 796 427</u> | <u>\$ 842,416</u> | <u>\$ 796 427</u> |

Town of Archer Lodge's Outstanding Debt. The Town of Archer Lodge's total installment debt decreased by \$110,333 during the past fiscal year. During the fiscal year, principal payments of \$33,333 were made for the original Town Hall building, \$50,000 on the park land, and \$27,000 for the Town Hall expansion installment purchase obligations. 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 of Archer Lodge is \$34,812,775.

The Town's IT subscription liabilities for governmental activities decreased by \$10,903.

Additional information regarding the Town of Archer Lodge's long-term debt can be found in Note III.B.5 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- Population estimates made by the NC Department of Budget and Management indicate that as of July 2024, the Town population increased to 5,371, an increase of 12% over the 2020 Census count of 4,797. No new population estimates have been updated since that time.
- State shared revenues, including sales tax, increased over the prior year due to economic growth in Johnston County and in North Carolina.
- The unemployment rate for Johnston County in June 2025 was 3.4% as compared to 4.0% for the State of North Carolina, an decrease for both data units from 2024.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities: The ad valorem tax rate was set at \$0.30 per \$100 valuation, a \$0.02 decrease from the prior year. The distribution of the property tax was approved as \$0.115 for the North Side Fire District, \$0.02 for the park reserve fund, and \$0.16 for the General Operating Fund. The total expected property tax revenue is \$2,055,000, an increase of \$647,000 over the previous year.

Some of the main expenditures in the 2025-2026 Budget include:

- Debt service payments of \$124,796 for the town hall, town hall expansion, and park loans.
- PEG channel support from the NC Department of Revenue and contribution to East Wake Television (PEG Media Partners) \$82,200.
- Funding for up to 2.0% merit increases and 2.0% market adjustments.
- Funding is reserved for the Johnston County Sheriff Office for direct law enforcement coverage dedicated to the Town of Archer Lodge under a 7-day 12-hour per day assignment in the amount of \$345,000.
- Thirty-eight percent of the property tax revenues fund the North Side Fire & Rescue estimated at \$780,100 (or 23.1% of the total budget).
- Funding is reserved for the Capital Reserve Fund, Park Reserve Fund and Public Safety Reserve Fund in the amount of \$310,000 (or 9.2% of the total budget).

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Archer Lodge, 14094 Buffalo Road, Archer Lodge, N.C. 27527. Other forms of contact include calling (919)359.9727, visiting the Town's website at www.archerlodgenc.gov, or through email to kim.batten@archerlodgenc.gov for additional information.

BASIC FINANCIAL STATEMENTS

Town of Archer Lodge, North Carolina
Statement of Net Position
June 30, 2025

| | Primary Government | |
|---|------------------------------------|---------------------|
| | Governmental Activities | Total |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,906,437 | \$ 1,906,437 |
| Taxes receivables (net) | 1,651 | 1,651 |
| Accrued interest receivable | 287 | 287 |
| Due from other governments | 160,488 | 160,488 |
| Restricted cash & cash equivalents | 2,637,896 | 2,637,896 |
| Total current assets | <u>4,706,759</u> | <u>4,706,759</u> |
| Non-current assets: | | |
| Capital assets: | | |
| Land, non-depreciable improvements, and construction in progress | 1,629,730 | 1,629,730 |
| Other capital assets, net of depreciation | 3,186,388 | 3,186,388 |
| Right to use assets, net of amortization | 21,970 | 21,970 |
| Total capital assets | <u>4,838,088</u> | <u>4,838,088</u> |
| Total assets | <u>9,544,847</u> | <u>9,544,847</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension deferrals | 271,198 | 271,198 |
| Total deferred outflows of resources | <u>271,198</u> | <u>271,198</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 74,414 | 74,414 |
| Payables from restricted assets | 80,677 | 80,677 |
| Accrued interest payable | 204 | 204 |
| Current portion of long-term liabilities | 158,914 | 158,914 |
| Total current liabilities | <u>314,209</u> | <u>314,209</u> |
| Long-term liabilities: | | |
| Net pension liability | 338,287 | 338,287 |
| Compensated absences | 29,418 | 29,418 |
| Due in more than one year | 315,797 | 315,797 |
| Total liabilities | <u>997,711</u> | <u>997,711</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Prepaid taxes | 663 | 663 |
| Pension deferrals | 399 | 399 |
| Total deferred inflows of resources | <u>1,062</u> | <u>1,062</u> |
| NET POSITION | | |
| Net investment in capital assets | 4,400,779 | 4,400,779 |
| Restricted for: | | |
| Stabilization by State Statute | 160,488 | 160,488 |
| Capital projects | 2,557,219 | 2,557,219 |
| Unrestricted | 1,698,786 | 1,698,786 |
| Total net position | \$ <u>8,817,272</u> | \$ <u>8,817,272</u> |

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

**Town of Archer Lodge, North Carolina
Statement of Activities
For the Year Ended June 30, 2025**

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | |
|---|-------------------------|-----------------------------|---|---|--|---------------------|
| | Expenses | Charges For Services | Operating Grants And Contributions | Capital Grants And Contributions | Governmental Activities | Total |
| Primary government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 873,424 | \$ - | \$ - | \$ - | \$ (873,424) | \$ (873,424) |
| Public safety | 612,079 | 300 | - | - | (611,779) | (611,779) |
| Transportation | 18,094 | - | - | - | (18,094) | (18,094) |
| Economic & physical development | 178,104 | 7,130 | - | - | (170,974) | (170,974) |
| Cultural and recreation | 633,781 | 84,241 | 5,000 | 8,625 | (535,915) | (535,915) |
| Interest on long-term debt | 19,016 | - | - | - | (19,016) | (19,016) |
| Total governmental activities | 2,334,498 | 91,671 | 5,000 | 8,625 | (2,229,202) | (2,229,202) |
| Total primary government | <u>\$ 2,334,498</u> | <u>\$ 91,671</u> | <u>\$ 5,000</u> | <u>\$ 8,625</u> | <u>(2,229,202)</u> | <u>(2,229,202)</u> |
| General revenues | | | | | | |
| Taxes: | | | | | | |
| Property taxes levied for general purpose | | | | | 1,417,577 | 1,417,577 |
| Other taxes | | | | | 779,376 | 779,376 |
| Unrestricted investment earnings | | | | | 183,279 | 183,279 |
| Miscellaneous | | | | | 13,947 | 13,947 |
| Total general revenues | | | | | 2,394,179 | 2,394,179 |
| Change in net position | | | | | 164,977 | 164,977 |
| Net position, beginning | | | | | 8,652,295 | 8,652,295 |
| Net position, ending | | | | | <u>\$ 8,817,272</u> | <u>\$ 8,817,272</u> |

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

Town of Archer Lodge, North Carolina
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2025

| | General Fund | Regional Economic Development Reserve Grant Capital Fund | SCIF Parks Capital Fund | Total Non-Major Funds | Total Governmental Funds |
|---|-------------------------|---|--|--------------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,286,541 | \$ - | \$ - | \$ 619,896 | \$ 1,906,437 |
| Restricted cash | - | 2,383,292 | 254,604 | - | 2,637,896 |
| Receivables, net: | | | | | |
| Taxes | 1,651 | - | - | - | 1,651 |
| Due from other governments | 160,488 | - | - | - | 160,488 |
| Total assets | <u>1,448,680</u> | <u>2,383,292</u> | <u>254,604</u> | <u>619,896</u> | <u>4,706,472</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | <u>74,414</u> | <u>59,302</u> | <u>21,375</u> | <u>-</u> | <u>155,091</u> |
| Total liabilities | <u>74,414</u> | <u>59,302</u> | <u>21,375</u> | <u>-</u> | <u>155,091</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes receivable | 1,651 | - | - | - | 1,651 |
| Prepaid taxes | <u>663</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>663</u> |
| Total deferred inflows of resources | <u>2,314</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,314</u> |
| FUND BALANCES | | | | | |
| Restricted | | | | | |
| Stabilization by State Statute | 160,488 | - | - | - | 160,488 |
| Capital projects | - | 2,323,990 | 233,229 | - | 2,557,219 |
| Assigned | | | | | |
| Future capital projects | - | - | - | 356,896 | 356,896 |
| Subsequent year's expenditures | | - | - | 263,000 | 263,000 |
| Unassigned | <u>1,211,464</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,211,464</u> |
| Total fund balances | <u>1,371,952</u> | <u>2,323,990</u> | <u>233,229</u> | <u>619,896</u> | <u>4,549,067</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>1,448,680</u> | \$ <u>2,383,292</u> | \$ <u>254,604</u> | \$ <u>619,896</u> | \$ <u>4,706,472</u> |

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

Town of Archer Lodge
Reconciliation of Balance Sheet to the Statement of Net Position
Governmental Funds
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

| | | |
|--|----|-----------|
| Total Fund Balance, Governmental Funds | \$ | 4,549,067 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | | |

| | | |
|---|------------------|-----------|
| Gross capital assets at historical cost | 5,467,202 | |
| Accumulated depreciation | <u>(651,123)</u> | 4,816,079 |

| | | |
|--|-----------------|--------|
| Right to use assets used in governmental activities are not financial resources and therefore, not reported in the funds | 60,403 | |
| Accumulated amortization | <u>(38,433)</u> | 21,970 |

| | | |
|--|--|---------|
| Deferred outflows of resources related to pensions are not reported in the funds | | 271,198 |
|--|--|---------|

| | | |
|---|--|-----|
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds. | | 204 |
|---|--|-----|

| | | |
|--|--|-------|
| Earned revenues considered deferred inflows of resources in fund statements. | | 1,569 |
|--|--|-------|

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

| | | |
|---|----------------|-----------|
| Gross long-term debt beginning | (558,545) | |
| Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.) | <u>121,236</u> | (437,309) |
| Net pension liability | | (338,287) |

| | | |
|---|--|-------|
| Deferred inflows of resources related to pensions are not reported in the funds | | (399) |
|---|--|-------|

| | | |
|----------------------|--|-----------------|
| Compensated absences | | <u>(66,820)</u> |
|----------------------|--|-----------------|

| | | |
|---|----|------------------|
| Net position of governmental activities | \$ | <u>8,817,272</u> |
|---|----|------------------|

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

Town of Archer Lodge, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

| | General Fund | Regional Economic Development Reserve Grant Capital Fund | SCIF Parks Capital Fund | Total Non-Major Funds | Total Governmental Funds |
|--|-------------------------|---|--|--------------------------------------|---|
| REVENUES | | | | | |
| Ad valorem taxes | \$ 1,415,340 | \$ - | \$ - | \$ - | \$ 1,415,340 |
| Unrestricted intergovernmental | 702,176 | - | - | - | 702,176 |
| Restricted intergovernmental | 85,701 | - | - | 5,125 | 90,826 |
| Sales and services | 84,241 | - | - | - | 84,241 |
| Permits and fees | 7,430 | - | - | - | 7,430 |
| Investment earnings | 46,034 | 110,442 | 5,642 | 20,950 | 183,068 |
| Miscellaneous | 13,947 | - | - | - | 13,947 |
| Total revenues | 2,354,869 | 110,442 | 5,642 | 26,075 | 2,497,028 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 719,958 | - | - | - | 719,958 |
| Public Safety | 612,080 | - | - | - | 612,080 |
| Transportation | 18,094 | - | - | - | 18,094 |
| Economic and physical development | 192,903 | - | - | - | 192,903 |
| Culture and recreation | 559,831 | - | - | - | 559,831 |
| Debt service: | | | | | |
| Principal | 121,237 | - | - | - | 121,237 |
| Interest and other charges | 19,016 | - | - | - | 19,016 |
| Capital outlay | - | 179,265 | 48,008 | - | 227,273 |
| Total expenditures | 2,243,119 | 179,265 | 48,008 | - | 2,470,392 |
| Excess (deficiency) of revenues over expenditures | 111,750 | (68,823) | (42,366) | 26,075 | 26,636 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from other funds | 56,000 | - | - | 94,801 | 150,801 |
| Transfer to other funds | (86,711) | - | - | (64,090) | (150,801) |
| Total other financing sources(uses) | (30,711) | - | - | 30,711 | - |
| Net change in fund balance | 81,039 | (68,823) | (42,366) | 56,786 | 26,636 |
| Fund balances, beginning | 1,290,913 | 2,392,813 | 275,595 | 563,110 | 4,522,431 |
| Fund balances, ending | \$ 1,371,952 | \$ 2,323,990 | \$ 233,229 | \$ 619,896 | \$ 4,549,067 |

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

Town of Archer Lodge, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

| | | |
|---|------------------|-----------------------|
| Net changes in fund balances – total governmental funds | \$ | 26,623 |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> | | |
| Capital outlay expenditures which were capitalized | \$ 279,558 | |
| Depreciation expense for governmental assets | <u>(161,055)</u> | 118,503 |
| Right to use IT subscription agreement | - | |
| Amortization expense for intangible assets | <u>(12,811)</u> | (12,811) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 76,636 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | |
| Change in unavailable revenue for tax revenues | | 2,471 |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | | |
| New long-term debt issued | | |
| IT agreement payments | 10,903 | |
| Principal payments on long-term debt | <u>110,333</u> | 121,236 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | |
| Compensated absences | (26,240) | |
| Pension expense | <u>(141,441)</u> | <u>(167,681)</u> |
| Total changes in net position of governmental activities | \$ | <u><u>164,977</u></u> |

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

Town of Archer Lodge, North Carolina
General Fund and Annually Budgeted Major Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2025

| | General Fund | | | Variance with Final Budget- Positive (Negative) |
|--------------------------------------|------------------|------------------|----------------------------|--|
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 1,328,000 | \$ 1,408,000 | \$ 1,415,340 | \$ 7,340 |
| Unrestricted intergovernmental | 601,000 | 650,000 | 702,176 | 52,176 |
| Restricted intergovernmental | 60,000 | 102,000 | 85,701 | (16,299) |
| Sales and services | 144,000 | 81,000 | 84,241 | 3,241 |
| Permits and fees | 5,500 | 7,500 | 7,430 | (70) |
| Investment earnings | 60,000 | 46,000 | 46,034 | 34 |
| Miscellaneous | 5,500 | 7,500 | 13,947 | 6,447 |
| Total revenues | <u>2,204,000</u> | <u>2,302,000</u> | <u>2,354,869</u> | <u>52,869</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 795,650 | 859,354 | 719,958 | 139,396 |
| Public safety | 853,000 | 852,250 | 612,080 | 240,170 |
| Transportation | 30,000 | 23,000 | 18,094 | 4,906 |
| Economic & physical development | 239,475 | 256,975 | 192,903 | 64,072 |
| Cultural and recreation | 640,750 | 623,882 | 559,831 | 64,051 |
| Debt service: | | | | |
| Principal retirement | 121,585 | 132,478 | 121,237 | 11,241 |
| Interest and other charges | 18,540 | 19,016 | 19,016 | - |
| Total expenditures | <u>2,699,000</u> | <u>2,766,955</u> | <u>2,243,119</u> | <u>523,836</u> |
| Revenues over (under) expenditures | <u>(495,000)</u> | <u>(464,955)</u> | <u>111,750</u> | <u>576,705</u> |
| Other financing sources (uses): | | | | |
| Transfers from other funds | 306,000 | 306,000 | 56,000 | (250,000) |
| Transfers to other funds | (189,000) | (139,000) | (86,711) | 52,289 |
| Total other financing sources (uses) | <u>117,000</u> | <u>167,000</u> | <u>(30,711)</u> | <u>(197,711)</u> |
| Fund balance appropriated | 378,000 | 297,955 | - | (297,955) |
| Net change in fund balance | \$ <u>-</u> | \$ <u>-</u> | 81,039 | \$ <u>81,039</u> |
| Fund balances, beginning | | | <u>1,290,913</u> | |
| Fund balances, ending | | | \$ <u><u>1,371,952</u></u> | |

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

Notes to the Financial Statements

Town of Archer Lodge, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Archer Lodge conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Archer Lodge is a municipal corporation that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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 Town of Archer Lodge does not perform any business-type activities at this time.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. The Town has no proprietary nor fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and franchise taxes. The primary expenditures are for administration, public safety, and cultural/recreational services.

Regional Economic Development Reserve Grant Fund. This fund is used to account for transactions related to state grant funds for parks.

State Capital & Infrastructure Fund. This fund accounts for the transactions related to state grant funds for parks.

The Town reports the following non-major governmental funds:

Capital Reserve Fund. This fund is used to account for future capital projects.

Park Reserve Fund. This fund is used to account for future park projects.

Public Safety Reserve Fund. This fund is used to account for future public safety projects.

Park Capital Project Fund. This fund is used to account for the building of a new town park and its amenities.

American Rescue Plan Fund. This fund accounts for the transactions related to the American Rescue Plan Act funds.

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, including lease and information technology subscription (SBITA) liabilities, 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 leases and subscription-based information technology arrangements (SBITAs) 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 tax receivables are not accrued as revenue because the amount is not susceptible to accrual. On June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property

taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Archer Lodge because the tax is levied by Johnston 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 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. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. Ordinances have been adopted for the Capital Reserve Fund, Park Reserve Fund, Public Safety Reserve Fund, and Economic Development Research Grant Capital Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The Town Council must approve all budget amendments. The budget ordinance must be adopted by July 1 of the fiscal year, or the Town Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by G.S. 159-31. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

G.S 159-30 authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances, and mutual fund shares when the mutual fund is certified by the Local Government Commission. The Town's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is a SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended grant proceeds from the NC Parks and Recreation Trust fund, American Rescue Plan fund, and State Capital Infrastructure fund are classified as restricted assets for the park's expansion project.

Town of Archer Lodge Restricted Cash

Governmental Activities:

| | | |
|--|----|-------------------------|
| Regional Economic Development Reserve | \$ | 2,383,292 |
| Grant Capital Fund | | |
| State Capital & Infrastructure- Parks Capital Fund | | <u>254,604</u> |
| Total Restricted Cash | \$ | <u><u>2,637,896</u></u> |

4. Ad Valorem Taxes Receivable

By 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, 2024.

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.

6. Lease Receivable

The town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Prepaid Items

Certain payments to vendors may reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$5,000; and computer software and computer equipment \$5,000. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a SBITA in accordance with the requirements of GASB 96.

The right to use SBITA assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term less any incentives received from the SBITA vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term are reported as prepayment (asset). Such prepayments are reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives are reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount is included in the initial measurement of the subscription asset. The right to use subscription assets are amortized on a straight-line basis over the subscription term.

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 | 50 |
| Buildings | 30 |
| Improvements | 25 |
| Vehicles and motorized equipment | 5 |
| Furniture and equipment | 5-10 |
| Computer Equipment | 3 |
| Computer Software | 5 |

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

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure

until then. The Town has one item that meets this criterion, pension deferrals for the 2025 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category, prepaid taxes, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), and pension deferrals.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance cost, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

12. Net Position/Fund Balances

Net Position

Net Position in government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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.

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. Chapter 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" defined as: *"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 non-spendable. 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 Capital projects – portion of fund balance that is restricted by revenue source for capital projects.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Archer Lodge's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town of Archer Lodge intends to use for specific purposes.

Assigned for Capital Projects – portion of fund balance that has been budgeted by the Town Council for future capital projects.

Assigned for Public Safety – portion of fund balance that has been budgeted by the Town Council for the future development of a police force.

Assigned for Park Reserve – portion of fund balance that has been budgeted by the Town Council for the future development of parks.

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

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

The Town of Archer Lodge has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

13. Defined Benefit Cost-Sharing Plan

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

II. Stewardship, Compliance, and Accountability

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

None.

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

None.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town these deposits are considered to be held by the Town's agents in their 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 the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. 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.

At June 30, 2025, the Town's deposits had a carrying amount of \$872,132 and a bank balance of \$903,292. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

Restricted cash and cash equivalents consisted of the following as of June 30, 2025.

| | | |
|-------------------------------|---|---------------------|
| Governmental Activities: | | |
| General Fund | Culture and Recreation-Capital Projects | \$ 2,637,896 |
| Total Governmental Activities | | <u>\$ 2,637,896</u> |

2. Investments

At June 30, 2025, the Town of Archer Lodge had \$3,672,201 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables – 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.

4. Leases Receivable

The Town has entered into no material leases under GASB 87.

5. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2025, were follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|-------------------|------------------|----------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 804,123 | \$ - | \$ - | \$ 804,123 |
| Construction in Progress | 598,333 | 227,274 | - | 825,607 |
| Total capital assets not being depreciated | <u>1,402,456</u> | <u>227,274</u> | <u>-</u> | <u>1,629,730</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 818,096 | - | - | 818,096 |
| Equipment | 185,512 | 9,563 | - | 195,075 |
| Vehicles | 91,585 | 42,731 | - | 134,316 |
| Infrastructure | 2,689,985 | - | - | 2,689,985 |
| Total capital assets being depreciated | <u>3,785,178</u> | <u>52,294</u> | <u>-</u> | <u>3,837,472</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 238,510 | 27,577 | - | 266,087 |
| Equipment | 103,560 | 15,024 | - | 118,584 |
| Vehicles | 40,445 | 26,863 | - | 67,308 |
| Infrastructure | 107,514 | 91,591 | - | 199,105 |
| Total accumulated depreciation | <u>490,029</u> | <u>161,055</u> | <u>-</u> | <u>651,084</u> |
| Total capital assets being depreciated, net | <u>3,295,149</u> | <u>(108,761)</u> | <u>-</u> | <u>3,186,388</u> |
| Capital assets being amortized: | | | | |
| Right to use assets: | | | | |
| IT subscriptions | 60,403 | - | - | 60,403 |
| Total capital assets being amortized | <u>60,403</u> | <u>-</u> | <u>-</u> | <u>60,403</u> |
| Less accumulated amortization for: | | | | |
| Right to use assets: | | | | |
| IT subscriptions | 25,622 | 12,811 | - | 38,433 |
| Total accumulated amortization | <u>25,622</u> | <u>12,811</u> | <u>-</u> | <u>38,433</u> |
| Total capital assets being amortized, net | <u>34,781</u> | <u>(12,811)</u> | <u>-</u> | <u>21,970</u> |
| Governmental activity capital assets, net | <u>\$ 4,732,386</u> | <u>\$ 105,702</u> | <u>\$ -</u> | <u>\$ 4,838,088</u> |

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

| | |
|---|-------------------|
| General government | \$ 29,741 |
| Culture and recreation | 144,125 |
| Total depreciation and amortization expense | <u>\$ 173,866</u> |

Construction commitments

The government has active construction projects as of June 30, 2025. At year-end, the government's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|--------------------|----------------------|-----------------------------|
| Parks Construction | \$ 825,607 | \$ 2,392,643 |

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employee's Retirement System

Plan Description. The Town of Archer Lodge is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Archer Lodge employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Archer Lodge's contractually required contribution rate for the year ended June 30, 2025, was 13.77% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Archer Lodge were \$76,636 for the year ended June 30, 2025.

Refunds of Contributions – Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2025, the Town reported a liability of \$338,287 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. On June 30, 2024 (measurement date), the Town's proportion was 0.00502%, which was an increase of 0.00204% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$141,441. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 59,281 | \$ 399 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 45,990 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 89,292 | - |
| Town contributions subsequent to the measurement date | 76,636 | - |
| Total | <u>\$ 271,199</u> | <u>\$ 399</u> |

The \$76,636 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30: | |
|-----------------------------|-------------------|
| 2026 | \$ 67,897 |
| 2027 | 100,010 |
| 2028 | 31,458 |
| 2029 | (5,200) |
| 2030 | - |
| Thereafter | - |
| Total | <u>\$ 164,165</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.0 % |
| Salary increases | 3.50% to 8.10%, including inflation & productivity factor |
| Investment rate of return | 7.00%, net of investment expense, including inflation |

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled, and healthy). The current mortality rates are based on published tables and

based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period January 1, 2013, through December 31, 2017.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|--------------------------|---|
| Fixed Income | 33.0% | 2.4% |
| Global Equity | 38.0% | 6.9% |
| Real Estate | 8.0% | 6.0% |
| Alternatives | 8.0% | 8.6% |
| Opportunistic Fixed Income | 7.0% | 5.3% |
| Inflation Protection | 6.0% | 4.3% |
| Total | 100.0% | |

The information above is based on 30-year expectations developed with an investment consulting firm's 2025 long-term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2024 Annual Comprehensive Financial Report (ACFR) published on the website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|------------------------------------|--------------------------------------|------------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 599,454 | \$ 338,287 | \$ 123,411 |

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

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

The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contribution of all participating entities. The following is information related to the proportionate share and pension expense:

| | LGERS | Total |
|--|--------------|--------------|
| Proportionate share of net pension liability (asset) | \$ 338,287 | \$ 338,287 |
| Proportion of the net pension liability (asset) | 0.00502% | 0.00502% |
| Pension Expense | \$ 141,441 | \$ 141,441 |

At June 30, 2025, the Town reported deferred outflows of sources and deferred inflows of resources relating to pensions from the following sources:

Deferred Outflows of Resources:

| | | |
|--|--------|--------|
| Differences between expected and actual experience | 59,281 | 59,281 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on plan investments | 45,990 | 45,990 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 89,292 | 89,292 |
| Contributions or benefit payments subsequent to the measurement date | 76,634 | 76,634 |

Deferred Inflows of Resources:

| | | |
|--|-----|-----|
| Differences between expected and actual experience | 399 | 399 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on plan investments | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | - | - |

b. Supplemental Retirement Income Plan for General Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administrated by the Department of the State Treasurer and a Board of Trustees. The Plan provides

retirement benefits to the general employees of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly.

Funding Policy. The Town has elected to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025, were \$96,587 which consisted of \$44,524 from the Town and \$52,063 from the general employees.

2. Deferred Outflows and Inflows of Resources

The Town of Archer Lodge has the following deferred outflows of resources:

| Source | Amount |
|---|-------------------|
| Contribution to pension plan in current fiscal year | \$ 76,636 |
| Differences between expected and actual experience | 59,281 |
| Changes in assumptions | - |
| Net difference between projected and actual earnings on plan investments | 45,990 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 89,291 |
| Total | <u>\$ 271,198</u> |

Deferred inflows of resources at year end are comprised of the following:

| | Statement of Net Position | General Fund Balance Sheet |
|--|------------------------------|-------------------------------|
| Prepaid Taxes (General Fund) | \$ 663 | \$ 663 |
| Taxes receivable (General Fund), less penalties | - | 1,651 |
| Net difference between projected and actual earnings on plan investments | 399 | - |
| Total | <u>\$ 1,062</u> | <u>\$ 2,314</u> |

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$2 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to the statutory limits, public officials' liability coverage of \$1 million per occurrence, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

There have been no significant reductions in insurance coverage from the prior year, nor were there any settled claims in any of the past three fiscal years.

The Town does not carry flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is not eligible to purchase coverage of \$500,000 per structure through the NFIP.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$325,000.

4. Claims, Judgments and Contingent Liabilities

On June 30, 2025, the Town was not a defendant to any lawsuits.

5. Long-Term Obligations

a. Installment Purchase

On March 22, 2012, the Town entered into an installment purchase agreement of \$500,000 to finance the land acquisition and construction of a town hall building. The financing contract requires fifteen annual principal payments of \$33,333 with an interest rate of 3.41%.

Annual debt service principal and interest payments for the installment purchase as of June 30, 2025, are as follows:

| Year Ending June 30 | Direct Placement Governmental Activities | |
|---------------------|---|----------|
| | Principal | Interest |
| 2026 | 33,333 | 2,273 |
| 2027 | 33,334 | 1,137 |
| Total | \$ 66,667 | \$ 3,410 |

In July 2018, the Town entered into an installment purchase agreement of \$400,000 to finance the land acquisition for parks development. The financing contract requires eight annual principal payments of \$50,000 with an interest rate of 4.00%.

Annual debt service principal and interest payments for the installment purchase as of June 30, 2025, are as follows:

| Year Ending June 30 | Direct Placement Governmental Activities | |
|---------------------|---|----------|
| | Principal | Interest |
| 2026 | \$ 50,000 | \$ 4,000 |
| 2027 | 50,000 | 2,000 |
| Total | \$ 100,000 | \$ 6,000 |

In September 2018, the Town entered into an installment purchase agreement of \$405,000 to finance the construction of the town hall expansion project. The financing contract requires fifteen annual principal payments of \$27,000 with an interest rate of 3.37%.

Annual debt service principal and interest payments of the installment purchase as of June 30, 2025, are as follows:

| Year Ending June 30 | Direct Placement Governmental Activities | |
|---------------------|---|-----------|
| | Principal | Interest |
| 2026 | \$ 27,000 | \$ 8,189 |
| 2027 | 27,000 | 7,279 |
| 2028 | 27,000 | 6,369 |
| 2029 | 27,000 | 5,474 |
| 2030 | 27,000 | 4,550 |
| 2031-2034 | 108,000 | 9,104 |
| Total | \$ 243,000 | \$ 40,965 |

b. Subscriptions

During the year ended June 30, 2024, the Town entered into a Subscription for a web-based Human Resources and Parks/Recreation management solutions. The term of the agreement is five years. The subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 1.25% was used to discount the subscription payments. The initial liability for the subscription was \$60,403. The liability balance remaining on June 30, 2025, was \$27,642.

The future minimum subscription obligation payments as of June 30, 2025.

| Year Ending June 30 | Principal | Interest |
|------------------------|-----------|----------|
| 2026 | \$ 11,179 | \$ 346 |
| 2027 | 11,461 | 206 |
| 2028 | 5,002 | 63 |
| Total | \$ 27,642 | \$ 615 |

c. Changes in Long-Term Liabilities

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|--|------------------------------|-------------------|-------------------|---------------------------|---|
| Governmental activities: | | | | | |
| Installment purchases | \$ 520,000 | \$ - | \$ 110,333 | \$ 409,667 | \$ 110,333 |
| IT Subscription liabilities | 38,545 | - | 10,903 | 27,642 | 11,179 |
| Net pension liability (LGERS) | 197,302 | 140,985 | - | 338,287 | - |
| Compensated absences | 40,580 | 52,468 | 26,228 | 66,820 | 37,402 |
| Governmental activities long – term liabilities | <u>\$ 796,427</u> | <u>\$ 193,453</u> | <u>\$ 147,464</u> | <u>\$ 842,416</u> | <u>\$ 158,914</u> |

C. Interfund Balances and Activity

There were no balances due to/from other funds at June 30, 2025.

Transfers to/from other funds at June 30, 2025, consists of the following:

| | |
|---|-------------------|
| From the General Fund to Park Reserve Fund | \$ 86,711 |
| From the Park Reserve Fund to the General Fund | 56,000 |
| From the Park Capital Project Fund to Park Reserve Fund | <u>8,091</u> |
| Total transfers | <u>\$ 150,802</u> |

Transfers are used to move revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various programs. Since the Town of Archer Lodge was first incorporated, the governing board has chosen to set aside funds for future law enforcement needs and for future general capital needs. In addition, three cents of the twenty-two cents ad valorem tax rate have been assigned each year to a Park Reserve Fund. Collections of this tax are accounted for in the General Fund and transferred each year to the Park Reserve Fund. The Town set up a separate Capital Project Fund for the Parks project, and it is partially funded by transfers from the Park Reserve fund. When the Town receives grant funds, they are usually deposited into the General Fund and then transferred to an identified capital or special revenue fund.

D. Fund Balance

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

| | |
|-----------------------------------|--------------|
| Total fund balance – General Fund | \$ 1,371,952 |
| Less: | |
| Stabilization by State Statute | 160,488 |
| Remaining Fund Balance | 1,211,464 |

IV. Related Party Transactions

There were no related party transactions noted during the fiscal year ended June 30, 2025.

V. Summary Disclosure of Significant Contingencies

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

VI. Changes in Accounting Principles

For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences*, was implemented. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The beginning net position of governmental activities in the government-wide statements was not restated due to the amount being immaterial.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of the Net Pension Liabilities for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

Town of Archer Lodge, North Carolina
Town of Archer Lodge's Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Last Ten Fiscal Years*

| Year Ended June 30 | Town's Proportion of the net pension liability (asset) (%) | Town's proportion of the net pension liability (asset) | Town's covered employee payroll | Town's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | Plan fiduciary net position as a percentage of total pension liability |
|-----------------------|--|--|------------------------------------|--|--|
| 2025 | 0.00502% | \$ 338,287 | \$ 482,772 | 70.08% | 83.30% |
| 2024 | 0.00298% | 197,302 | 328,611 | 60.04% | 82.49% |
| 2023 | 0.00160% | 90,263 | 179,252 | 50.36% | 84.14% |
| 2022 | 0.00158% | 24,231 | 161,828 | 14.97% | 95.51% |
| 2021 | 0.00118% | 42,166 | 117,292 | 35.95% | 88.61% |
| 2020 | 0.00129% | 35,229 | 108,711 | 32.41% | 90.86% |
| 2019 | 0.00139% | 32,976 | 100,663 | 32.76% | 91.63% |
| 2018 | 0.00121% | 18,485 | 67,849 | 27.24% | 94.18% |
| 2017 | 0.00139% | 29,500 | 58,551 | 50.38% | 91.47% |
| 2016 | 0.00059% | 2,648 | 46,313 | 5.72% | 98.09% |

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

Town of Archer Lodge, North Carolina
Schedule of Contributions
Local Government Employees' Retirement System
Last Ten Fiscal Years

| <u>Year Ended June 30</u> | <u>Contractually required contribution</u> | <u>Contributions in relation to the contractually required contribution</u> | <u>Contribution deficiency (excess)</u> | <u>Town's covered employee payroll</u> | <u>Contributions as a percentage of covered- employee payroll</u> |
|-------------------------------|--|---|---|--|---|
| 2025 | \$ 75,636 | \$ 75,636 | \$ - | \$ 556,545 | 13.59% |
| 2024 | 65,705 | 65,705 | - | 482,772 | 13.61% |
| 2023 | 42,227 | 42,227 | - | 328,611 | 12.85% |
| 2022 | 21,681 | 21,681 | - | 179,252 | 12.09% |
| 2021 | 17,558 | 17,558 | - | 161,828 | 10.85% |
| 2020 | 11,307 | 11,307 | - | 117,292 | 9.64% |
| 2019 | 9,284 | 9,284 | - | 108,711 | 8.54% |
| 2018 | 8,284 | 8,284 | - | 100,663 | 8.23% |
| 2017 | 5,323 | 5,323 | - | 67,849 | 7.85% |
| 2016 | 4,216 | 4,216 | - | 58,551 | 7.20% |

Individual Fund Statements and Schedules

**Town of Archer Lodge, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2025**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|------------------|---|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | \$ | \$ 1,411,671 | \$ |
| Interest | | 3,669 | |
| Total | <u>1,408,000</u> | <u>1,415,340</u> | <u>7,340</u> |
| Unrestricted intergovernmental: | | | |
| Local option sales taxes | | 480,813 | |
| Franchise taxes | | 181,128 | |
| Beer and wine tax | | 21,226 | |
| ABC profit distribution | | 19,009 | |
| Total | <u>650,000</u> | <u>702,176</u> | <u>52,176</u> |
| Restricted intergovernmental: | | | |
| PEG channel support | | 77,201 | |
| NC Amateur Sports grant | | 3,500 | |
| Johnson County Tourism Authority grant | | 5,000 | |
| Total | <u>102,000</u> | <u>85,701</u> | <u>(16,299)</u> |
| Permits and fees: | | | |
| Planning and zoning revenue | | 7,130 | |
| Animal control fees | | 300 | |
| Total | <u>7,500</u> | <u>7,430</u> | <u>(70)</u> |
| Sales and services: | | | |
| Parks & Recreation charges | | 84,241 | |
| Total | <u>81,000</u> | <u>84,241</u> | <u>3,241</u> |
| Investment earnings | <u>46,000</u> | <u>46,034</u> | <u>34</u> |
| Miscellaneous: | | | |
| Miscellaneous | | 13,947 | |
| Total | <u>7,500</u> | <u>13,947</u> | <u>6,447</u> |
| Total Revenues | <u>2,302,000</u> | <u>2,354,869</u> | <u>52,869</u> |

(continued)

**Town of Archer Lodge, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2025**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------|---------------|---------------|---|
| Expenditures: | | | |
| General government: | | | |
| Town Council | | | |
| Salaries and employee benefits | | 16,686 | |
| Other operating expenditures | | 23,366 | |
| Total | 58,300 | 40,052 | 18,248 |
| Administration: | | | |
| Salaries and employee benefits | | 328,483 | |
| Professional services | | 14,500 | |
| Contracted services | | 14,321 | |
| PEG Media Group | | 84,817 | |
| Other operating expenditures | | 26,721 | |
| Total | 557,139 | 468,842 | 88,297 |
| Tax Collections: | | | |
| Collection fees | | 34,772 | |
| Total | 37,000 | 34,772 | 2,228 |
| Legal: | | | |
| Contracted services | | 15,029 | |
| Total | 18,000 | 15,029 | 2,971 |
| Tax | | | |
| Taxes | | 63 | |
| Total | 100 | 63 | 37 |
| Public Buildings | | | |
| Utility service fees | | 26,300 | |
| Repairs and maintenance | | 8,825 | |
| Contracted services | | 44,560 | |
| Communications | | 43,160 | |
| Other operating expenses | | 38,355 | |
| Total | 188,815 | 161,200 | 27,615 |
| Total general government | 859,354 | 719,958 | 139,396 |

(continued)

Town of Archer Lodge, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|---------------|---------------|---|
| Public safety: | | | |
| Police and Animal Control: | | | |
| Other operating services | | 5,279 | |
| Total | 256,250 | 5,279 | 250,971 |
| Fire: | | | |
| Fire protection services | | 606,801 | |
| Total | 596,000 | 606,801 | (10,801) |
| Total public safety | 852,250 | 612,080 | 240,170 |
| Transportation: | | | |
| Streets and highways: | | | |
| Street lighting | | 7,501 | |
| Other operating expenditures | | 10,593 | |
| Total transportation | 23,000 | 18,094 | 4,906 |
| Economic and physical development: | | | |
| Planning and zoning: | | | |
| Salaries and employee benefits | | 168,876 | |
| Other operating expenditures | | 8,495 | |
| Contracted services | | 15,532 | |
| Total economic and physical development | 256,975 | 192,903 | 64,072 |
| Culture and recreation | | | |
| Parks and recreation | | | |
| Salaries and employee benefits | | 324,818 | |
| Professional fees | | 19,940 | |
| Other operating expenditures | | 99,506 | |
| Contracted services | | 63,265 | |
| Capital outlay | | 52,302 | |
| Total culture and recreation | 623,882 | 559,831 | 64,051 |

(continued)

Town of Archer Lodge, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------|----------------------------|---|
| Debt Service | | | |
| Principal retirement | 132,478 | 121,237 | 11,241 |
| Interest and other charges | 19,016 | 19,016 | - |
| Total debt service | <u>151,494</u> | <u>140,253</u> | <u>11,241</u> |
| Total expenditures | <u>2,766,955</u> | <u>2,243,119</u> | <u>523,836</u> |
| Revenues over (under) expenditures | <u>(464,955)</u> | <u>111,750</u> | <u>576,705</u> |
| Other financing sources (uses): | | | |
| Transfers from other funds: | | | |
| Park Reserve Fund | 56,000 | 56,000 | - |
| Public Safety Reserve Fund | 250,000 | - | (250,000) |
| Transfers to other funds: | | | |
| Parks Reserve Fund | <u>(139,000)</u> | <u>(86,711)</u> | <u>52,289</u> |
| Total | <u>167,000</u> | <u>(30,711)</u> | <u>(197,711)</u> |
| Fund balance appropriated | 297,955 | - | (297,955) |
| Net change in fund balance | \$ <u>-</u> | 81,039 | \$ <u>(81,039)</u> |
| Fund balances, beginning | | <u>1,290,913</u> | |
| Fund balances, ending | | <u>\$ <u>1,371,952</u></u> | |

Town of Archer Lodge, North Carolina
Regional Economic Development Reserve (REDR) Grant Capital Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | Project Author- ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-------------------------------------|-------------------------------|---------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Intergovernmental | | | | | |
| State REDR grant | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment earnings | - | 32,723 | 110,442 | 143,165 | 143,165 |
| Total revenues | - | 32,723 | 110,442 | 143,165 | 143,165 |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Construction | 2,365,000 | 4,910 | 179,265 | 184,175 | 2,180,825 |
| Total Expenditures | 2,365,000 | 4,910 | 179,265 | 184,175 | 2,180,825 |
| Revenues under expenditures | (2,365,000) | 27,813 | (68,823) | (41,010) | 2,323,990 |
| Other Financing Sources/Uses | | | | | |
| Interfund transfers | | | | | |
| State Economic Development | | | | | |
| Research Grant | 2,365,000 | 2,365,000 | - | 2,365,000 | - |
| Total other financing sources | 2,365,000 | 2,365,000 | - | 2,365,000 | - |
| Net change in fund balance | \$ - | \$ 2,392,813 | (68,823) | \$ 2,323,990 | \$ 2,323,990 |
| Fund Balance Beginning | | | 2,392,813 | | |
| Fund Balance Ending | | | \$ 2,323,990 | | |

Town of Archer Lodge, North Carolina
State Capital & Infrastructure Fund (SCIF) Directed Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | Project Author- ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-------------------------------------|-------------------------------|-------------------|---------------------------|-------------------|------------------------------------|
| Revenues | | | | | |
| Investment earnings | \$ 3,250 | \$ 19,019 | \$ 5,642 | \$ 24,661 | \$ 21,411 |
| Total revenues | <u>3,250</u> | <u>19,019</u> | <u>5,642</u> | <u>24,661</u> | <u>21,411</u> |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Construction | <u>853,250</u> | <u>593,424</u> | <u>48,008</u> | <u>641,432</u> | <u>211,818</u> |
| Total Expenditures | <u>853,250</u> | <u>593,424</u> | <u>48,008</u> | <u>641,432</u> | <u>211,818</u> |
| Revenues under expenditures | (850,000) | (574,405) | (42,366) | (616,771) | 233,299 |
| Other Financing Sources/Uses | | | | | |
| Interfund transfers | | | | | |
| SCIF directed grant | <u>850,000</u> | <u>850,000</u> | <u>-</u> | <u>850,000</u> | <u>-</u> |
| Total other financing sources | <u>850,000</u> | <u>850,000</u> | <u>-</u> | <u>850,000</u> | <u>-</u> |
| Net change in fund balance | \$ <u>-</u> | \$ <u>275,595</u> | (42,366) | \$ <u>233,229</u> | \$ <u>233,299</u> |
| Fund Balance Beginning | | | <u>275,595</u> | | |
| Fund Balance Ending | | | \$ <u>233,229</u> | | |

Town of Archer Lodge, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2025

| | Capital Reserve Fund | Park Reserve Fund | Public Safety Reserve | Park Capital Project | ARPA Parks Capital | Total Non-Major Governmental Funds |
|--|----------------------------|-------------------------|-----------------------------|----------------------------|--------------------------|--|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 29,509 | \$ 132,006 | \$ 458,381 | \$ - | \$ - | \$ 619,896 |
| Total assets | <u>29,509</u> | <u>132,006</u> | <u>458,381</u> | <u>-</u> | <u>-</u> | <u>619,896</u> |
| Liabilities and Fund Balances | | | | | | |
| Account payable | | | | | | |
| Fund balances: | | | | | | |
| Assigned | <u>29,509</u> | <u>132,006</u> | <u>458,381</u> | <u>-</u> | <u>-</u> | <u>619,896</u> |
| Total liabilities and fund balances | \$ <u>29,509</u> | \$ <u>132,006</u> | \$ <u>458,381</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>619,896</u> |

Town of Archer Lodge, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2025

| | | Capital Reserve Fund | Park Reserve Fund | Public Safety Reserve | Park Capital Project | ARPA Parks Capital | Total Non-major Governmental Funds |
|--------------------------------|----|----------------------------|-------------------------|-----------------------------|----------------------------|--------------------------|--|
| Revenues | | | | | | | |
| Restricted intergovernmental | \$ | - | \$ - | \$ - | \$ 5,125 | \$ - | \$ 5,125 |
| Investment earnings | | 1,081 | 3,294 | 16,785 | - | (209) | 20,951 |
| Total revenue | | <u>1,081</u> | <u>3,294</u> | <u>16,785</u> | <u>5,125</u> | <u>(209)</u> | <u>26,076</u> |
| Expenditures | | | | | | | |
| Construction | | - | - | - | - | - | - |
| Total expenditures | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over expenditures | | 1,081 | 3,294 | 16,785 | 5,125 | (209) | 26,076 |
| Other financing sources (uses) | | | | | | | |
| Transfer from other sources | | - | 94,801 | - | - | - | 94,801 |
| Transfer to other sources | | - | (56,000) | - | (8,091) | - | (64,091) |
| Total other financing sources | | <u>-</u> | <u>38,801</u> | <u>-</u> | <u>(8,091)</u> | <u>-</u> | <u>30,710</u> |
| Net change in fund balance | | 1,081 | 42,095 | 16,785 | (2,966) | (209) | 56,786 |
| Fund balance beginning | | 28,428 | 89,911 | 441,596 | 2,966 | 209 | 563,110 |
| Fund balance ending | \$ | <u>29,509</u> | <u>\$ 132,006</u> | <u>\$ 458,381</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 619,896</u> |

Town of Archer Lodge, North Carolina
Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|-------------------------------|----------------|-------------------------|---|
| Revenues | | | |
| Investment earnings | \$ 1,000 | \$ 1,081 | \$ 81 |
| Total revenues | <u>1,000</u> | <u>1,081</u> | <u>81</u> |
| Expenditures: | | | |
| Current: | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over expenditures | <u>1,000</u> | <u>1,081</u> | <u>81</u> |
| Other financing sources: | | | |
| Interfund transfers | | | |
| To fund balance reserves | <u>(1,000)</u> | <u>-</u> | <u>1,000</u> |
| Total other financing sources | <u>(1,000)</u> | <u>-</u> | <u>1,000</u> |
| Appropriated fund balance | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | \$ <u>-</u> | 1,081 | \$ <u>1,081</u> |
| Fund balance, beginning | | <u>28,428</u> | |
| Fund balance, ending | | \$ <u><u>29,509</u></u> | |

Town of Archer Lodge, North Carolina
Park Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | Budget | Actual | Variance Positive (Negative) |
|-------------------------------------|---------------|-----------------------|------------------------------------|
| Revenues | | | |
| Investment earnings | \$ 3,000 | \$ 3,294 | \$ 294 |
| Total revenues | <u>3,000</u> | <u>3,294</u> | <u>294</u> |
| Expenditures | | | |
| Capital outlay: | | | |
| Construction | 86,000 | - | 86,000 |
| Total Expenditures | <u>86,000</u> | <u>-</u> | <u>86,000</u> |
| Revenues under expenditures | (83,000) | 3,294 | 86,294 |
| Other Financing Sources/Uses | | | |
| Interfund transfers | | | |
| Transfers from other funds | | | |
| From General Fund | 130,000 | 86,711 | (43,289) |
| From Park Capital Project Fund | 9,000 | 8,090 | (910) |
| Transfers to other funds | | | |
| To General Fund | (56,000) | (56,000) | - |
| Total other financing sources | <u>83,000</u> | <u>38,801</u> | <u>(44,199)</u> |
| Appropriated fund balance | - | - | - |
| Net change in fund balance | \$ <u>-</u> | 42,095 | \$ <u>42,095</u> |
| Fund Balance Beginning | | 89,911 | |
| Fund Balance Ending | | <u><u>132,006</u></u> | |

Town of Archer Lodge, North Carolina
Public Safety Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|-------------------------------|--------------------|--------------------------|---|
| Revenues | | | |
| Investment earnings | \$ 16,000 | \$ 16,785 | \$ 785 |
| Total revenues | <u>16,000</u> | <u>16,785</u> | <u>785</u> |
| Expenditures: | | | |
| Current: | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over expenditures | <u>16,000</u> | <u>16,785</u> | <u>785</u> |
| Other financing sources: | | | |
| Transfer to other funds | <u>(250,000)</u> | <u>-</u> | <u>250,000</u> |
| Total other financing sources | <u>(250,000)</u> | <u>-</u> | <u>250,000</u> |
| Appropriated fund balance | 234,000 | | (234,000) |
| Net change in fund balance | \$ <u><u>-</u></u> | 16,785 | \$ <u><u>16,785</u></u> |
| Fund balance, beginning | | <u>441,596</u> | |
| Fund balance, ending | | \$ <u><u>458,381</u></u> | |

Town of Archer Lodge, North Carolina
Town Park Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025

| | Budget | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-------------------------------------|------------------|------------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Restricted intergovernmental: | | | | | |
| State Grant | \$ 500,000 | \$ 495,064 | \$ 5,125 | \$ 500,189 | \$ 189 |
| Total revenues | <u>500,000</u> | <u>495,064</u> | <u>5,125</u> | <u>500,189</u> | <u>189</u> |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Design/engineering | 146,342 | 146,311 | - | 146,311 | 31 |
| Construction | 863,008 | 813,086 | - | 813,086 | 49,922 |
| Contingency | <u>40,650</u> | <u>40,603</u> | <u>-</u> | <u>40,603</u> | <u>47</u> |
| Total Expenditures | <u>1,050,000</u> | <u>1,000,000</u> | <u>-</u> | <u>1,000,000</u> | <u>50,000</u> |
| Revenues under expenditures | (550,000) | (504,936) | 5,125 | (499,811) | 50,189 |
| Other Financing Sources/Uses | | | | | |
| Interfund transfers | | | | | |
| Transfers from other funds | | | | | |
| From General Fund | 50,000 | 50,000 | - | 50,000 | - |
| From Park Reserve Fund | 500,000 | 457,902 | - | 457,902 | (42,098) |
| Transfers to other funds | | | | | |
| To Park Reserve Fund | <u>-</u> | <u>-</u> | <u>(8,091)</u> | <u>(8,091)</u> | <u>(8,091)</u> |
| Total interfund transfers | <u>550,000</u> | <u>507,902</u> | <u>(8,091)</u> | <u>499,811</u> | <u>(50,189)</u> |
| Appropriated fund balance | - | - | - | - | - |
| Net change in fund balance | \$ <u>-</u> | \$ <u>2,966</u> | (2,966) | \$ <u>-</u> | \$ <u>-</u> |
| Fund Balance Beginning | | | 2,966 | | |
| Fund Balance Ending | | | \$ <u>-</u> | | |

**Town of Archer Lodge, North Carolina
American Rescue Plan Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2025**

| | Project Author- ization | Prior Year | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-------------------------------------|-------------------------------|------------------|---------------------------|------------------|------------------------------------|
| Revenues | | | | | |
| Restricted intergovernmental | | | | | |
| Federal Grant | \$ - | \$ 525,213 | \$ - | \$ 525,213 | \$ 525,213 |
| Investment earnings | 3,150 | 7,592 | (209) | 7,383 | 4,233 |
| Total revenues | <u>3,150</u> | <u>532,805</u> | <u>(209)</u> | <u>532,596</u> | <u>529,446</u> |
| Expenditures | | | | | |
| Other expenditures | 17,000 | 17,228 | - | 17,228 | (228) |
| Capital outlay: | | | | | |
| Construction | 1,036,577 | 1,040,581 | - | 1,040,581 | (4,004) |
| Total Expenditures | <u>1,053,577</u> | <u>1,057,809</u> | <u>-</u> | <u>1,057,809</u> | <u>(4,232)</u> |
| Revenues under expenditures | (1,050,427) | (525,004) | (209) | (525,213) | 525,214 |
| Other Financing Sources/Uses | | | | | |
| Interfund transfers | | | | | |
| Transfers from other funds | | | | | |
| From General Fund | 1,050,427 | 525,213 | - | 525,213 | (525,214) |
| Total Interfund transfers | <u>1,050,427</u> | <u>525,213</u> | <u>-</u> | <u>525,213</u> | <u>(525,214)</u> |
| Net change in fund balance | \$ <u>-</u> | \$ <u>209</u> | (209) | \$ <u>-</u> | \$ <u>-</u> |
| Fund Balance Beginning | | | 209 | | |
| Fund Balance Ending | | | <u>\$ -</u> | | |

Other Schedules

This section contains additional information required on property taxes

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

Town of Archer Lodge, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

| Fiscal Year | Uncollected Balance June 30, 2024 | Additions | Collections And Credits | Uncollected Balance June 30, 2025 |
|-----------------------------------|--|---------------------|------------------------------------|--|
| 2024-2025 | \$ - | \$ 1,411,970 | \$ 1,411,010 | \$ 960 |
| 2023-2024 | 841 | - | 644 | 197 |
| 2022-2023 | 72 | - | - | 72 |
| 2021-2022 | 116 | - | 2 | 114 |
| 2020-2021 | 141 | - | - | 141 |
| 2019-2020 | 149 | - | 7 | 142 |
| 2018-2019 | 7 | - | - | 7 |
| 2017-2018 | 8 | - | - | 8 |
| 2016-2017 | 10 | - | - | 10 |
| 2015-2016 | 8 | - | 8 | - |
| | <u>\$ 1,352</u> | <u>\$ 1,411,970</u> | <u>\$ 1,411,671</u> | <u>\$ 1,651</u> |
| Ad valorem taxes receivable - net | | | | <u>\$ 1,651</u> |

Reconcilement with revenues:

| | |
|---------------------------------|---------------------|
| Ad valorem taxes – General Fund | \$ 1,415,340 |
| Reconciling items: | |
| Interest collected | <u>(3,669)</u> |
| Subtotal | <u>(3,669)</u> |
| Total collections and credits | <u>\$ 1,411,671</u> |

Town of Archer Lodge, North Carolina
Analysis of Current Tax Levy
Town – Wide Levy
For the Fiscal Year Ended June 30, 2025

| | Town-Wide | | | Total Levy | |
|------------------------------------|-----------------------|------|---------------------|--|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current rate | \$ 435,159,688 | 0.32 | \$ 1,392,511 | \$ 1,182,185 | \$ 210,326 |
| Penalties | - | | - | - | - |
| Total | <u>435,159,688</u> | | <u>1,392,511</u> | <u>1,182,185</u> | <u>210,326</u> |
| Discoveries: | | | | | |
| Current year taxes | <u>6,093,627</u> | 0.32 | <u>19,500</u> | <u>19,500</u> | <u>-</u> |
| Releases | <u>(12,872)</u> | 0.32 | <u>(41)</u> | <u>(41)</u> | <u>-</u> |
| Total property valuation | <u>\$ 441,240,443</u> | | | | |
| Net levy | | | 1,411,970 | 1,201,644 | 210,326 |
| Uncollected taxes at June 30, 2025 | | | <u>(960)</u> | <u>(960)</u> | <u>-</u> |
| Current year's taxes collected | | | <u>\$ 1,411,010</u> | <u>\$ 1,200,684</u> | <u>\$ 210,326</u> |
| Current levy collection percentage | | | <u>99.94%</u> | <u>99.92%</u> | <u>100.00%</u> |

COMPLIANCE SECTION

May & Place, PA

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 900
Louisburg, NC 27549
Bus: 919-496-3041
Fax: 919-496-6342

SCOTT H. MAY, CPA
DALE R. PLACE, CPA, CFE

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Archer Lodge, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Archer Lodge, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises the Town of Archer Lodge's basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Archer Lodge's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Archer Lodge's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May and Place, PA

May & Place, PA
Louisburg, North Carolina
December 12, 2025