

TOWN OF ARCHER LODGE

NORTH CAROLINA

ANNUAL FINANCIAL REPORT

Town Council Members

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Clyde B. Castleberry, Mayor Pro-Tem
Teresa M. Bruton
J. Mark Jackson
James L. (Jim) Purvis, III
Mark B. Wilson

Administrative and Financial Staff

Bryan Chadwick, Town Administrator/Budget Officer
Kim P. Batten, Assistant Town Administrator/Finance Officer
Jenny Martin, Town Clerk/Human Resources Officer

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Town of Archer Lodge, North Carolina
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FINANCIAL SECTION

May & Place, PA

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SCOTT H. MAY, CPA
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, 2024, 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, 2024, 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, 2024, 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, 2024

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, 2024. 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

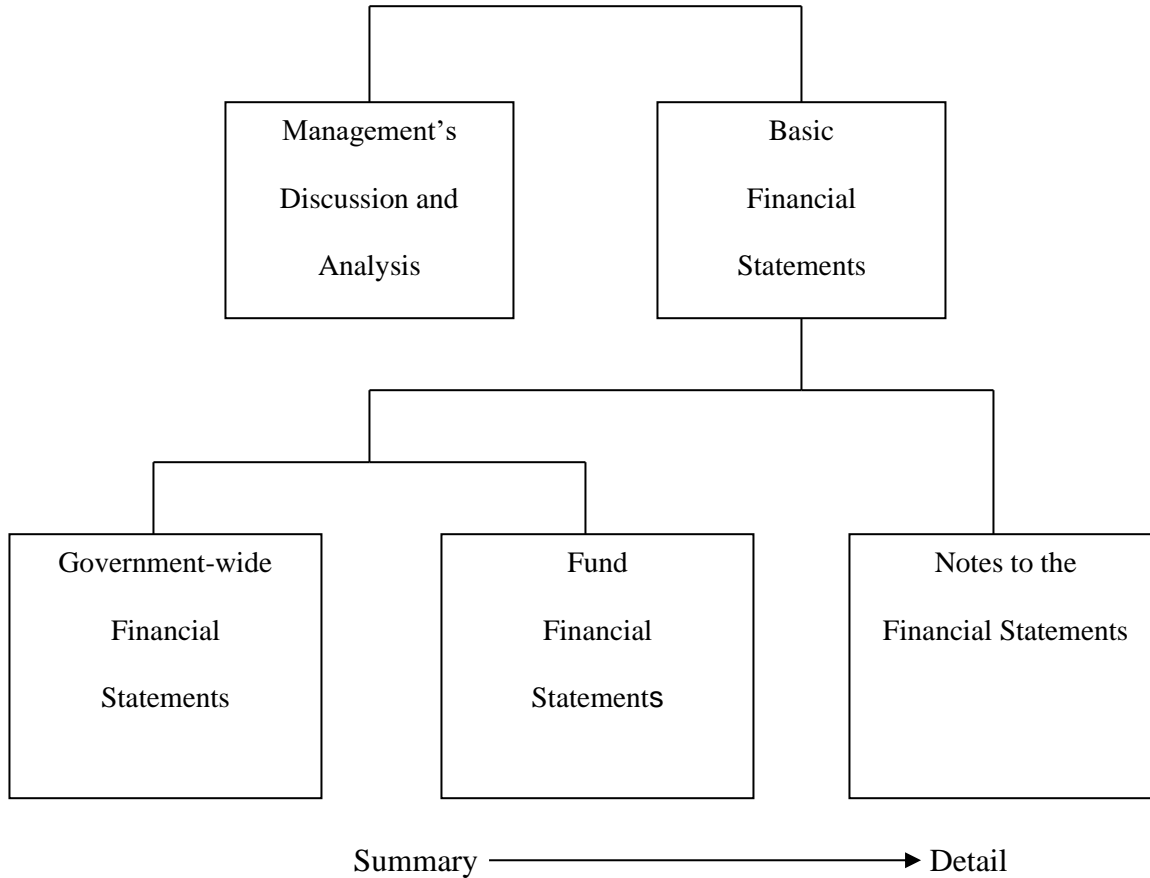
- The assets and deferred outflows of resources of the Town of Archer Lodge exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,652,295 (*net position*).
- The government's total net position increased by \$2,482,195.
- As of the close of the current fiscal year, the Town of Archer Lodge's governmental funds reported combined ending fund balances of \$4,522,431 with a net increase of \$1,525,168 in fund balances.
- Approximately 10.4% of this total fund balance, or \$469,173, is non-spendable or restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,019,600 or 37% of total general fund expenditures for the fiscal year.
- The Town of Archer Lodge's total debt decreased by \$123,191 (18%) during the current fiscal year.
- The investment earnings from investing temporarily idle cash with NC Capital Management Trust increased by 73% due to additional funds received from state grants and higher investment interest rates.
- Received \$2,365,000 NC Regional Economic Development Research grant for continued park development.
- Had a groundbreaking ceremony for the new Town of Archer Lodge Recreation Park in March 2024.
- 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	
	2024	2023	2024	2023
Current and other assets	\$ 4 633 808	\$ 3 482 751	\$ 4 633 808	\$ 3 482 751
Capital assets	4 732 386	3 872 906	4 732 386	3 872 906
Deferred outflows of resources	195 092	98 735	195 092	98 735
Total assets and deferred outflows of resources	9 561 286	7 454 392	9 561 286	7 454 392
Long-term liabilities outstanding	796 427	796 785	796 427	796 785
Other liabilities	111 429	486 463	111 429	486 463
Deferred inflows of resources	1 135	1 044	1 135	1 044
Total liabilities and deferred inflows of resources	908 991	1 284 292	908 991	1 284 292
Net Position:				
Net investment in capital assets	4 173 841	3 191 169	4 173 841	3 191 169
Restricted	493 678	925 409	469 173	925 409
Unrestricted	3 984 776	2 053 522	4 009 281	2 053 522
Total net position	\$ 8 652 295	\$ 6 170 100	\$ 8 652 295	\$ 6 170 100

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 \$8,652,295 as of June 30, 2024. The Town’s net position increased by \$2,482,195 for the fiscal year ended June 30, 2024. A balance of \$4,173,841 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 \$493,678 (5.7%) 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 2024	Governmental Activities 2023	Total 2024	Total 2023
Revenues:				
Program revenues				
Charges for services	\$ 86 423	\$ 7 655	\$ 86 423	\$ 7 655
Operating grants and contributions	51 613	51 282	51 613	51 282
Capital grants and contributions	2 681 933	779 053	2 681 933	779 053
General Revenues				
Property taxes	1 307 061	1 133 793	1 307 061	1 133 793
Other taxes	624 819	522 710	624 819	522 710
Investment earnings	138 539	96 854	138 539	96 854
Other	5 446	4 351	5 446	4 351
Total revenues	4 895 834	2 595 698	4 895 834	2 595 698
Expenses:				
General government	1 116 671	600 309	1 116 671	600 309
Public safety	518 505	375 857	518 505	375 857
Transportation	19 798	22 624	19 798	22 624
Economic and physical development	180 969	157 275	180 969	157 275
Cultural and recreation	554 503	452 948	554 503	452 948
Interest on long-term debt	23 193	26 600	23 193	26 600
Total expenses	2 413 639	1 635 613	2 413 639	1 635 613
Increase in net position	2 482 195	960 085	2 482 195	960 085
Net position beginning	6 170 100	5 210 015	6 170 100	5 210 015
Net position, June 30	\$ 8 652 295	\$ 6 170 100	\$ 8 652 295	\$ 6 170 100

The Town's overall net position increased \$2,482,195 from the prior year. The reasons for this increase as discussed in the following section.

Governmental activities: Governmental activities increased the Town's net position by \$2,482,195 thereby accounting for all the total growth in the net position of the Town of Archer Lodge.

Certain Key elements for the governmental funds:

- Total revenues, excluding the one-time Regional Economic Development Research grant of \$2,365,000, were 4.9% higher than operating expenses incurred by the Town.
- Property tax revenue increased 15% with 12% attributable to the 3-cent ad valorem tax rate increase for fire services and 3% to growth in the property values.

- The Town receives 26% 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 \$51,613.
- The Town received \$2,365,000 from the Regional Economic Development Research program for parks capital projects with only \$4,910 spent during FY2024, thereby increasing the cash accounts.

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 \$1,019,600 while total fund balance in the General Fund was \$1,290,913. The Town currently has an available fund balance of 36.7% of general fund expenditures, while total fund balance represents 46.5% of that same amount.

At June 30, 2024, the governmental funds of Town of Archer Lodge reported a combined fund balance of \$4,522,431 with a net increase in fund balance of \$1,525,168. The increase is due mainly to the Town receiving the \$2.3 million REDR grant. The General Fund actually decreased by \$484,646 due to using general funds for the park capital project and operating expenses.

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, 2024, totals \$4,732,387 (net of accumulated depreciation). These assets include land, buildings, equipment, and IT subscriptions.

Major capital asset transactions during the year which ended June 30, 2024, included parks construction of \$1,567,704.

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

	Governmental Activities		Total	
	2024	2023	2024	2023
Land	\$ 804 123	\$ 804 123	\$ 804 123	\$ 804 123
Construction in progress	598 333	2 302 739	598 333	2 302 739
Buildings	579 586	607 162	579 586	607 162
Equipment	81 953	-	81 953	-
Vehicles	51 140	69 457	51 140	69 457
Infrastructure	2 582 471	41 832	2 582 471	41 832
IT subscriptions	34 781	47 592	34 781	47 592
Total capital assets	<u>\$ 4 732 387</u>	<u>\$ 3 872 905</u>	<u>\$ 4 732 387</u>	<u>\$ 3 872 905</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, 2024, the Town of Archer Lodge had a total installment debt outstanding of \$520,000. 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	
	2024	2023	2024	2023
Installment Purchases	\$ 520 000	\$ 630 334	\$ 520 000	\$ 630 334
IT Subscription Liabilities	38 545	51 403	38 545	51 403
Net Pension Liability (LGERS)	197 302	90 263	197 302	90 263
Compensated Absences	40 580	24 785	40 580	24 785
Total	<u>\$ 796 427</u>	<u>\$ 796 785</u>	<u>\$ 796 427</u>	<u>\$ 796 785</u>

Town of Archer Lodge's Outstanding Debt. The Town of Archer Lodge's total installment debt decreased by \$110,334 during the past fiscal year. During the fiscal year, principal payments of \$33,334 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 \$34,340,000.

The Town's IT subscription liabilities for governmental activities decreased by \$12,858.

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 2023, the Town population increased to 5,164, an increase of 7.7% 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 2024 was 3.7% as compared to 3.7% for the State of North Carolina, an increase for both data units from 2023.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities: The ad valorem tax rate was set at \$0.32 per \$100 valuation, an increase of \$0.02. The distribution of the property tax was approved as \$0.14 (increase of \$0.02) 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 \$1,328,000 an increase of \$21,000 over the previous year.

Some of the main expenditures in the 2024-2025 Budget include:

- Forty-five percent of the property tax revenue funds the Archer Lodge Fire Department estimated at \$596,000 (or 20.6% of the total budget).
- Debt service payments of \$140,125 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) \$60,000.
- Funding for up to 5.0% merit increases.
- Appropriation of \$378,000 of fund balance for purchase of a Ford F-150 (\$45,000) and for general operating expenses.
- Funding to contract with 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 \$250,000.

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, 2024

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4 219 500	\$ 4 219 500
Taxes receivables (net)	1 568	1 568
Accrued interest receivable	216	216
Due from other governments	158 259	158 259
Restricted cash & cash equivalents	254 265	254 265
Total current assets	<u>4 633 808</u>	<u>4 633 808</u>
Non-current assets:		
Capital assets:		
Land, non-depreciable improvements, and construction in progress	1 402 456	1 402 456
Other capital assets, net of depreciation	3 295 149	3 295 149
Right to use assets, net of amortization	34 781	34 781
Total capital assets	<u>4 732 386</u>	<u>4 732 386</u>
Total assets	<u>9 366 194</u>	<u>9 366 194</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	195 092	195 092
Total deferred outflows of resources	<u>195 092</u>	<u>195 092</u>
LIABILITIES		
Current liabilities:		
Accounts payable	108 711	108 711
Payables from restricted assets	220	220
Accrued interest payable	2 498	2 498
Current portion of long-term liabilities	121 236	121 236
Total current liabilities	<u>232 665</u>	<u>232 665</u>
Long-term liabilities:		
Net pension liability	197 302	197 302
Compensated absences	40 580	40 580
Due in more than one year	437 309	437 309
Total liabilities	<u>907 856</u>	<u>907 856</u>
DEFERRED INFLOWS OF RESOURCES		
Prepaid taxes	662	662
Pension deferrals	473	473
Total deferred inflows of resources	<u>1 135</u>	<u>1 135</u>
NET POSITION		
Net investment in capital assets	4 173 841	4 173 841
Restricted for:		
Stabilization by State Statute	214 908	214 908
Capital projects	278 770	2 671 802
Unrestricted	3 984 776	1 591 744
Total net position	\$ <u>8 652 295</u>	\$ <u>8 652 295</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, 2024**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Primary government:						
Governmental Activities:						
General government	\$ 1 116 671	\$ -	\$ 51 613	\$ 855	\$ (1 064 203)	\$ (1 064 203)
Public safety	518 505	305	-	-	(518 200)	(518 200)
Transportation	19 798	-	-	-	(19 798)	(19 798)
Economic & physical development	180 969	11 465	-	-	(169 504)	(169 504)
Cultural and recreation	554 503	74 653	-	2 681 078	2 201 228	2 201 228
Interest on long-term debt	23 193	-	-	-	(23 193)	(23 193)
Total governmental activities	<u>2 413 639</u>	<u>86 423</u>	<u>51 613</u>	<u>2 681 933</u>	<u>406 330</u>	<u>406 330</u>
Total primary government	<u>\$ 2 413 639</u>	<u>\$ 86 423</u>	<u>\$ 51 613</u>	<u>\$ 2 681 933</u>	<u>406 330</u>	<u>406 330</u>
General revenues						
Taxes:						
Property taxes levied for general purpose					1 307 061	1 307 061
Other taxes					624 819	624 819
Unrestricted investment earnings					138 539	138 539
Miscellaneous					5 446	5 446
Total general revenues					<u>2 075 865</u>	<u>2 075 865</u>
Change in net position					2 482 195	2 482 195
Net position, beginning					6 170 100	6 170 100
Net position, ending					<u>\$ 8 652 295</u>	<u>\$ 8 652 295</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, 2024

	General Fund	Regional Economic Development Reserve Grant Capital Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1 242 027	\$ 2 393 033	\$ 584 440	\$ 4 219 500
Restricted cash	-	-	254 265	254 265
Receivables, net:				
Taxes	1 568	-	-	1 568
Due from other governments	158 259	-	-	158 259
Total assets	<u>1 401 854</u>	<u>2 393 033</u>	<u>838 705</u>	<u>4 633 592</u>
LIABILITIES				
Accounts payable and accrued liabilities	108 711	220	-	108 931
Total liabilities	<u>108 711</u>	<u>220</u>	<u>-</u>	<u>108 931</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	1 568	-	-	1 568
Prepaid taxes	662	-	-	662
Total deferred inflows of resources	<u>2 230</u>	<u>-</u>	<u>-</u>	<u>2 230</u>
FUND BALANCES				
Restricted				
Stabilization by State Statute	214 908	-	-	214 908
Capital projects	-	-	254 265	254 265
Assigned				
Future capital projects	-	2 366 583	118 339	2 484 922
Public safety	-	-	441 596	441 596
Subsequent year's expenditures	56 405	26 230	24 505	107 140
Unassigned	<u>1 019 600</u>	<u>-</u>	<u>-</u>	<u>1 019 600</u>
Total fund balances	<u>1 290 913</u>	<u>2 392 813</u>	<u>838 705</u>	<u>4 522 431</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1 401 854</u>	\$ <u>2 393 033</u>	\$ <u>838 705</u>	\$ <u>4 633 592</u>

Town of Archer Lodge
Reconciliation of Balance Sheet to the Statement of Net Position
Governmental Funds
For the Year Ended June 30, 2024

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

Total Fund Balance, Governmental Funds	\$	4 522 431
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		

Gross capital assets at historical cost	5 187 634	
Accumulated depreciation	<u>(490 029)</u>	4 697 605

Right to use assets used in governmental activities are not financial resources and therefore, not reported in the funds	60 403	
Accumulated amortization	<u>(25 622)</u>	34 781

Deferred outflows of resources related to pensions are not reported in the funds		195 092
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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.		216
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Earned revenues considered deferred inflows of resources in fund statements.		1 053
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Long-term liabilities used in governmental activities are not financial uses
and therefore, are not reported in the funds

Gross long-term debt beginning	(681 736)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	<u>123 191</u>	(558 545)
Net pension liability		(197 302)

Deferred inflows of resources related to pensions are not reported in the funds		(473)
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Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		(1 983)
Compensated absences		<u>(40 580)</u>

Net position of governmental activities	\$	<u><u>8 652 295</u></u>
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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, 2024

	General Fund	Regional Economic Development Reserve Grant Capital Fund		Total Non-Major Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 1 306 137	\$ -		\$ -	\$ 1 306 137
Unrestricted intergovernmental	624 819	-		-	624 819
Restricted intergovernmental	2 464 113	-		262 578	2 726 691
Sales and services	11 770	-		-	11 770
Permits and fees	74 653	-		-	74 653
Investment earnings	68 129	32 723		37 687	138 539
Miscellaneous	12 301	-		-	12 301
Total revenues	4 561 922	32 723		300 265	4 894 910
EXPENDITURES					
Current:					
General government	1 016 793	-		-	1 016 793
Public Safety	518 505	-		-	518 505
Transportation	19 799	-		-	19 799
Economic and physical development	191 833	-		-	191 833
Culture and recreation	884 631	-		-	884 631
Debt service:					
Principal	123 191	-		-	123 191
Interest and other charges	23 193	-		-	23 193
Capital outlay	-	4 910		586 887	591 797
Total expenditures	2 777 945	4 910		586 887	3 369 742
Excess (deficiency) of revenues over expenditures	1 783 977	27 813		(286 622)	1 525 168
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	183 000	2 365 000		86 623	2 634 623
Transfer to other funds	(2 451 623)	-		(183 000)	(2 634 623)
Total other financing sources(uses)	(2 268 623)	2 365 000		(96 377)	-
Net change in fund balance	(484 646)	2 392 813		(382 999)	1 525 168
Fund balances, beginning	1 775 559	-		1 221 704	2 997 263
Fund balances, ending	\$ 1 290 913	\$ 2 392 813	\$	838 705	\$ 4 522 431

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, 2024

Net changes in fund balances – total governmental funds	\$	1 525 168
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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.

Capital outlay expenditures which were capitalized	\$ 1 023 435	
Depreciation expense for governmental assets	<u>(151 143)</u>	872 292

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		65 705
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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		925
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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.

New long-term debt issued		
IT agreement payments	12 857	
Principal payments on long-term debt	<u>110 333</u>	123 190

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.

Compensated absences	(15 795)	
Pension expense	<u>(76 479)</u>	<u>(92 274)</u>

Total changes in net position of governmental activities	\$	<u><u>2 482 195</u></u>
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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, 2024

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 1 140 500	\$ 1 292 500	\$ 1 306 137	\$ 13 637
Unrestricted intergovernmental	485 500	565 000	624 819	59 819
Restricted intergovernmental	51 500	2 464 000	2 464 113	113
Sales and services	5 000	84 000	11 770	(72 230)
Permits and fees	139 000	74 000	74 653	653
Investment earnings	25 000	70 000	68 129	(1 871)
Miscellaneous	3 000	14 000	12 301	(1 699)
Total revenues	<u>1 849 500</u>	<u>4 563 500</u>	<u>4 561 922</u>	<u>(1 578)</u>
Expenditures:				
Current:				
General government	639 065	1 132 254	1 016 793	115 461
Public safety	682 000	712 000	518 505	193 495
Transportation	27 000	27 000	19 799	7 201
Economic & physical development	231 600	253 100	191 833	61 267
Cultural and recreation	900 782	982 247	884 631	97 616
Debt service:				
Principal retirement	110 336	110 336	123 191	(12 855)
Interest and other charges	22 560	22 560	23 193	(633)
Total expenditures	<u>2 613 343</u>	<u>3 239 497</u>	<u>2 777 945</u>	<u>461 552</u>
Revenues over (under) expenditures	<u>(763 843)</u>	<u>1 324 003</u>	<u>1 783 977</u>	<u>459 974</u>
Other financing sources (uses):				
Transfers from other funds	258 000	383 000	183 000	(200 000)
Transfers to other funds	(162 000)	(2 527 000)	(2 451 623)	75 377
Total other financing sources (uses)	<u>96 000</u>	<u>(2 144 000)</u>	<u>(2 268 623)</u>	<u>(124 623)</u>
Fund balance appropriated	347 846	500 000	-	(500 000)
Net change in fund balance	\$ <u>(319 997)</u>	\$ <u>(319 997)</u>	(484 646)	\$ <u>(164 649)</u>
Fund balances, beginning			<u>1 775 559</u>	
Fund balances, ending			\$ <u><u>1 290 913</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, 2024

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.

The Town reports the following non-major governmental funds:

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

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

Capital Town Park 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.

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

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

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, 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. General capital acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions 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. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are

received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

NC State law [G.S.159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances, and 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:

State Capital & Infrastructure- Parks	\$	251 000
American Rescue Plan		209
Capital Town Park Project Fund		<u>2 966</u>
Total Restricted Cash	\$	<u><u>254 265</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

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 an Information Technology (IT) Subscription in accordance with the requirements of GASB 96.

The right to use IT subscription 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 IT subscription 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 2024 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 vacation policy of the Town provides for the accumulation of up to thirty days' earned vacation leave with such leave being fully vested when earned. For the Town's government-wide fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

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." 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 Parks Capital projects – portion of fund balance that is restricted by revenue source for parks 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, 2024, the Town's deposits had a carrying amount of \$522,361 and a bank balance of \$539,921. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Investments

At June 30, 2024, the Town of Archer Lodge had \$3,951,405 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, 2024, 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	2 302 739	-	1 704 406	598 333
Total capital assets not being depreciated	<u>3 106 862</u>		<u>1 704 406</u>	<u>1 402 456</u>
Capital assets being depreciated:				
Buildings and improvements	818 096	-	-	818 096
Equipment	89 902	95 610	-	185 512
Vehicles	91 585	-	-	91 585
Infrastructure	57 754	2 632 231	-	2 689 985
Total capital assets being depreciated	<u>1 057 337</u>	<u>2 727 841</u>	<u>-</u>	<u>3 785 178</u>
Less accumulated depreciation for:				
Buildings and improvements	210 933	27 577	-	238 510
Equipment	89 901	13 658	-	103 599
Vehicles	22 128	18 317	-	40 445
Infrastructure	15 923	91 591	-	107 514
Total accumulated depreciation	<u>338 885</u>	<u>151 143</u>	<u>-</u>	<u>490 028</u>
Total capital assets being depreciated, net	<u>718 452</u>	<u>2 576 698</u>	<u>-</u>	<u>3 295 150</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	12 811	12 811	-	25 622
Total accumulated amortization	<u>12 811</u>	<u>12 811</u>	<u>-</u>	<u>25 622</u>
Total capital assets being amortized, net	<u>47 592</u>	<u>(12 811)</u>	<u>-</u>	<u>34 781</u>
Governmental activity capital assets, net	<u>\$ 3 872 906</u>	<u>\$ 2 563 887</u>	<u>\$ 1 704 406</u>	<u>\$ 4 732 387</u>

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

General government	\$ 43 470
Culture and recreation	\$ 120 484
Total depreciation and amortization expense	<u>\$ 163 954</u>

Construction commitments

The government has active construction projects as of June 30, 2024. 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	\$ 3 230 565	\$ 254 265

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, 2024, was 13.61% 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 \$65,705 for the year ended June 30, 2024.

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, 2024, the Town reported a liability of \$197,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the Town's proportion was 0.00298%, which was an increase of 0.00138% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$76,479. At June 30, 2024, 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	\$ 21 985	\$ 473
Changes in assumptions	8 384	-
Net difference between projected and actual earnings on pension plan investments	52 807	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	46 211	-
Town contributions subsequent to the measurement date	65 705	-
Total	<u>\$ 195 092</u>	<u>\$ 473</u>

The \$65,705 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2025	\$	48 642
2026		29 879
2027		48 160
2028		2 233
2029		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation & productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

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, 2023, 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%
Credit	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 2024 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 2023 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. 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 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 341 818	\$ 197 302	\$ 78 323

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.

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

The following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	Total
Pension Expense	\$ 76 479	\$ 76 479
Pension Liability	197 302	197 302
Proportionate share of the net pension liability	0.00298%	0.00298%
Deferred Outflows of Resources:		
Differences between expected and actual experience	21 985	21 985
Changes of assumptions	8 384	8 384
Net difference between projected and actual earnings on plan investments	52 807	52 807
Changes in proportion and differences between contributions and proportionate share of contributions	46 211	46 211
Benefit payments and administrative costs paid subsequent to the measurement date	65 705	65 705
Deferred Inflows of Resources:		
Differences between expected and actual experience	473	473
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, 2024, were \$94,671 which consisted of \$65,705 from the Town and \$28,966 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	\$ 65 705
Differences between expected and actual experience	21 985
Changes in assumptions	8 384
Net difference between projected and actual earnings on plan investments	52 807
Changes in proportion and differences between employer contributions and proportionate share of contributions	46 211
Total	<u>\$ 195 092</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)	\$ 662	\$ 662
Taxes receivable (General Fund), less penalties	-	1 568
Net difference between projected and actual earnings on plan investments	473	-
Total	<u>\$ 1 135</u>	<u>\$ 2 230</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, 2024, 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, 2024, are as follows:

Year Ending June 30	Direct Placement Governmental Activities	
	Principal	Interest
2025	\$ 33 333	\$ 3 410
2026	33 333	2 273
2027	33 334	1 137
Total	\$ 100 000	\$ 6 820

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, 2024, are as follows:

Year Ending June 30	Direct Placement Governmental Activities	
	Principal	Interest
2025	\$ 50 000	\$ 6 000
2026	50 000	4 000
2027	50 000	2 000
Total	\$ 150 000	\$ 12 000

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, 2024, are as follows:

Year Ending June 30	Direct Placement Governmental Activities	
	Principal	Interest
2025	\$ 27 000	\$ 9 124
2026	27 000	8 189
2027	27 000	7 279
2028	27 000	6 369
2029	27 000	5 474
2030-2034	135 000	13 654
Total	\$ 270 000	\$ 50 089

b. Subscriptions

For the year ended June 30, 2024, the Town implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

During the current year, the Town entered into a new 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, 2024, was \$38,545.

The future minimum subscription obligation payments as of June 30, 2024.

Year Ending June 30	Principal	Interest
2025	\$ 10 903	\$ 482
2026	11 179	346
2027	11 461	206
2028	5 002	63
Total	\$ 38 545	\$ 1 097

c. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 630 334	\$ -	\$ 110 334	\$ 520 000	\$ 110 333
IT Subscription liabilities	51 403	-	12 858	38 545	11 385
Net pension liability (LGERS)	90 263	107 039	-	197 302	-
Compensated absences	24 785	15 795	-	40 580	-
Governmental activities long – term liabilities	<u>\$ 796 785</u>	<u>\$ 122 834</u>	<u>\$ 123 192</u>	<u>\$ 796 427</u>	<u>\$ 121 718</u>

C. Interfund Balances and Activity

There were no balances due to/from other funds at June 30, 2024.

Transfers to/from other funds at June 30, 2024, consists of the following:

From the General Fund to the Regional Econ Development Fund	\$ 2 365 000
From the General Fund to Park Reserve Fund	86 623
From the Park Reserve Fund to the General Fund	58 000
From the Capital Reserve Fund to the General Fund	125 000
Total transfers	<u>\$ 2 634 623</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	\$ 1 290 913
Less:	
Stabilization by State Statute	214 908
Subsequent year's expenditures	56 405
Remaining Fund Balance	1 019 600

Encumbrances	General Fund	REDR Fund	Non-Major Funds
\$	56 405	\$ 26 230	\$ 24 505

IV. Related Party Transactions

There were no related party transactions noted during the fiscal year ended June 30, 2024.

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.

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*

<u>Year Ended June 30</u>	<u>Town's Proportion of the net pension liability (asset) (%)</u>	<u>Town's proportion of the net pension liability (asset)</u>	<u>Town's covered employee payroll</u>	<u>Town's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of total pension liability</u>
2024	0.00298%	\$ 41 471	\$ 328 611	12.62%	82.49%
2023	0.00160%	21 277	179 252	11.87%	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%
2015	0.00017%	(1 003)	35 490	(2.83%)	102.64%

*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>
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%
2015	3 520	3 520	-	46 313	7.60%

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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 1 302 783	\$
Interest		3 354	
Total	<u>1 292 500</u>	<u>1 306 137</u>	<u>13 637</u>
Unrestricted intergovernmental:			
Local option sales taxes		409 622	
Franchise taxes		168 225	
Beer and wine tax		25 111	
ABC profit distribution		21 861	
Total	<u>565 000</u>	<u>624 819</u>	<u>59 819</u>
Restricted intergovernmental:			
PEG channel support		51 613	
Park Land Grant Proceeds		2 365 000	
JoCo Open Space/Community grant		47 500	
Total	<u>2 464 000</u>	<u>2 464 113</u>	<u>113</u>
Permits and fees:			
Planning and zoning revenue		11 465	
Animal control fees		305	
Total	<u>84 000</u>	<u>11 770</u>	<u>(72 230)</u>
Sales and services:			
Parks & Recreation charges		74 653	
Total	<u>74 000</u>	<u>74 653</u>	<u>653</u>
Investment earnings	<u>70 000</u>	<u>68 129</u>	<u>(1 871)</u>
Miscellaneous:			
Miscellaneous		12 301	
Total	<u>14 000</u>	<u>12 301</u>	<u>(1 699)</u>
Total Revenues	<u>4 563 500</u>	<u>4 561 922</u>	<u>(1 578)</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, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Town Council			
Salaries and employee benefits		18 135	
Other operating expenditures		39 411	
Total	66 615	57 546	9 069
Administration:			
Salaries and employee benefits		317 771	
Professional services		18 000	
Contracted services		12 072	
PEG Media Group		51 613	
Other operating expenditures		33 745	
Total	460 950	433 201	27 749
Tax Collections:			
Collection fees		33 901	
Total	36 000	33 901	2 099
Legal:			
Contracted services		13 600	
Total	18 000	13 600	4 400
Tax			
Taxes		3	
Total	100	3	97
Public Buildings			
Utility service fees		29 334	
Repairs and maintenance		6 912	
Contracted services		372 823	
Other operating expenses		69 473	
Total	550 589	478 542	72 047
Total general government	1 132 254	1 016 793	115 461

(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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police and Animal Control:			
Other operating services		4 411	
Total	<u>207 000</u>	<u>4 411</u>	<u>202 589</u>
Fire:			
Fire protection services		514 094	
Total	<u>505 000</u>	<u>514 094</u>	<u>(9 094)</u>
Total public safety	<u>712 000</u>	<u>518 505</u>	<u>193 495</u>
Transportation:			
Streets and highways:			
Street lighting		7 201	
Other operating expenditures		12 598	
Total transportation	<u>27 000</u>	<u>19 799</u>	<u>7 201</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits		114 156	
Other operating expenditures		8 574	
Contracted services		69 103	
Total economic and physical development	<u>253 100</u>	<u>191 833</u>	<u>61 267</u>
Culture and recreation			
Parks and recreation			
Salaries and employee benefits		257 988	
Professional fees		5 033	
Other operating expenditures		140 829	
Contracted services		49 143	
Capital outlay		431 638	
Total culture and recreation	<u>982 247</u>	<u>884 631</u>	<u>97 616</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, 2024

	Budget	Actual	Variance Positive (Negative)
Debt Service			
Principal retirement	110 336	123 191	(12 855)
Interest and other charges	22 560	23 193	(633)
Total debt service	132 896	146 384	(13 488)
 Total expenditures	 3 239 497	 2 777 945	 461 552
 Revenues over (under) expenditures	 1 324 003	 1 783 977	 459 974
 Other financing sources (uses):			
Transfers from other funds:			
Park Reserve Fund	58 000	58 000	-
Public Safety Reserve Fund	200 000	-	(200 000)
Capital Reserve Fund	125 000	125 000	-
Transfers to other funds:			
Parks Reserve Fund	(162 000)	(86 623)	75 377
REDR Fund	(2 365 000)	(2 365 000)	-
Total	(2 144 000)	(2 268 623)	(124 623)
 Fund balance appropriated	 500 000	 -	 (500 000)
 Net change in fund balance	 \$ (319 997)	 (484 646)	 \$ (164 649)
 Fund balances, beginning		1 775 559	
Fund balances, ending		\$ 1 290 913	

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, 2024

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Intergovernmental					
State REDR grant	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	32 723	32 723	32 723
Total revenues	-	-	32 723	32 723	32 723
Expenditures					
Capital outlay:					
Construction	2 365 000	-	4 910	4 910	2 360 090
Total Expenditures	2 365 000	-	4 910	4 910	2 360 090
Revenues under expenditures	(2 365 000)		27 813	27 813	2 392 813
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	\$ 2 392 813	\$ 2 392 813
Fund Balance Beginning			-		
Fund Balance Ending			\$ 2 392 813		

Town of Archer Lodge, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2024

	Park Reserve Fund	Capital Reserve Fund	Public Safety Reserve	Park Capital Project	ARPA Parks Capital	SCIF Parks Capital	Total Non-Major Governmental Funds
Assets							
Cash and cash equivalents	\$ 89 911	\$ 28 428	\$ 441 596	\$ 2 966	\$ 209	\$ 275 595	\$ 838 705
Total assets	<u>89 911</u>	<u>28 428</u>	<u>441 596</u>	<u>2 966</u>	<u>209</u>	<u>275 595</u>	<u>838 705</u>
Liabilities and Fund Balances							
Fund balances:							
Restricted	-	-	-	2 966	209	251 090	254 265
Assigned	89 911	28 428	441 596				559 935
Subsequent year's appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24 505</u>	<u>24 505</u>
Total liabilities and fund balances	<u>\$ 89 911</u>	<u>\$ 28 428</u>	<u>\$ 441 596</u>	<u>\$ 2 966</u>	<u>\$ 209</u>	<u>\$ 275 595</u>	<u>\$ 838 705</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, 2024

	Park Reserve Fund	Capital Reserve Fund	Public Safety Reserve	Park Capital Project	ARPA Parks Capital	SCIF Parks Capital	Total Non-major Governmental Funds
Revenues							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 78 293	\$ 184 285	\$ -	\$ 262 578
Investment earnings	1 864	2 420	20 587	-	1 878	10 938	37 687
Total revenue	<u>1 864</u>	<u>2 420</u>	<u>20 587</u>	<u>78 293</u>	<u>186 163</u>	<u>10 938</u>	<u>300 265</u>
Expenditures							
Construction	-	-	-	75 328	185 954	325 605	586 887
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>75 328</u>	<u>185 954</u>	<u>325 605</u>	<u>586 887</u>
Revenues over expenditures	1 864	2 420	20 587	2 965	209	(314 667)	(286 622)
Other financing sources (uses)							
Transfer from other sources	86 623	-	-	-	-	-	86 623
Transfer to other sources	(58 000)	(125 000)	-	-	-	-	(183 000)
Total other financing sources	<u>28 623</u>	<u>(125 000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96 377)</u>
Net change in fund balance	30 487	(122 580)	20 587	2 965	209	(314 667)	(382 999)
Fund balance beginning	59 424	151 008	421 009	1	-	590 262	1 221 704
Fund balance ending	<u>\$ 89 911</u>	<u>\$ 28 428</u>	<u>\$ 441 596</u>	<u>\$ 2 966</u>	<u>\$ 209</u>	<u>\$ 275 595</u>	<u>\$ 838 705</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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ 1 000	\$ 1 864	\$ 864
Total revenues	<u>1 000</u>	<u>1 864</u>	<u>864</u>
Expenditures			
Capital outlay:			
Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues under expenditures	1 000	1 864	864
Other Financing Sources/Uses			
Interfund transfers			
Transfers from other funds			
From General Fund	162 000	86 623	(75 377)
Transfers to other funds			
To General Fund	(58 000)	(58 000)	-
To Town Park Fund	(50 000)	-	50 000
To Fund Balance Reserves	<u>(55 000)</u>	<u>-</u>	<u>55 000</u>
Total other financing sources	<u>(1 000)</u>	<u>28 623</u>	<u>29 623</u>
Appropriated fund balance	-	-	-
Net change in fund balance	\$ <u>-</u>	\$ 30 487	\$ <u>30 487</u>
Fund Balance Beginning		<u>59 424</u>	
Fund Balance Ending		<u>\$ 89 911</u>	

Town of Archer Lodge, North Carolina
Capital Town Park Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2024

		Actual			Variance
	Budget	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues					
Restricted intergovernmental:					
State Grant	\$ 500 000	\$ 416 771	\$ 78 293	\$ 495 064	\$ (4 936)
Total revenues	<u>500 000</u>	<u>416 771</u>	<u>78 293</u>	<u>495 064</u>	<u>(4 936)</u>
Expenditures					
Capital outlay:					
Design/engineering	146 342	146 311	-	146 311	31
Construction	863 008	737 758	75 328	813 086	49 922
Contingency	40 650	40 603	-	40 603	47
Total Expenditures	<u>1 050 000</u>	<u>924 672</u>	<u>75 328</u>	<u>1 000 000</u>	<u>50 000</u>
Revenues under expenditures	(550 000)	(507 901)	2 965	(504 936)	45 064
Other Financing Sources/Uses					
Interfund transfers					
Transfers from other funds					
From General Fund	50 000	50 000	-	50 000	-
From Park Reserve Fund	<u>500 000</u>	<u>457 902</u>	<u>-</u>	<u>457 902</u>	<u>(42 098)</u>
Total other financing sources	<u>550 000</u>	<u>507 902</u>	<u>-</u>	<u>507 902</u>	<u>(42 098)</u>
Appropriated fund balance	-	-	-	-	-
Net change in fund balance	\$ <u> </u>	\$ <u> 1</u>	2 965	<u>\$2 966</u>	\$ <u> 2 966</u>
Fund Balance Beginning			<u>1</u>		
Fund Balance Ending			\$ <u>2 966</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ 3 000	\$ 2 420	\$ (580)
Total revenues	<u>3 000</u>	<u>2 420</u>	<u>(580)</u>
Expenditures:			
Current:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>3 000</u>	<u>2 420</u>	<u>(580)</u>
Other financing sources:			
Interfund transfers			
Transfer to general fund	<u>(125 000)</u>	<u>(125 000)</u>	<u>-</u>
Total other financing sources	<u>(125 000)</u>	<u>(125 000)</u>	<u>-</u>
Appropriated fund balance	<u>125 000</u>	<u>-</u>	<u>(125 000)</u>
Net change in fund balance	\$ <u>3 000</u>	(122 580)	\$ <u>(125 580)</u>
Fund balance, beginning		<u>151 008</u>	
Fund balance, ending		<u>\$ 28 428</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, 2024**

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental Federal Grant	\$ -	\$ 340 928	\$ 184 285	\$ 525 213	\$ 525 213
Investment earnings	3 150	5 714	1 878	7 592	4 442
Total revenues	<u>3 150</u>	<u>346 642</u>	<u>186 163</u>	<u>532 805</u>	<u>529 665</u>
Expenditures					
Other expenditures	17 000	17 228	-	17 228	(228)
Capital outlay:					
Construction	<u>1 036 577</u>	<u>854 627</u>	<u>185 954</u>	<u>1 040 581</u>	<u>(4 004)</u>
Total Expenditures	<u>1 053 577</u>	<u>871 855</u>	<u>185 954</u>	<u>1 057 809</u>	<u>(4 232)</u>
Revenues under expenditures	(1 050 427)	(525 213)	209	(525 004)	525 423
Other Financing Sources/Uses					
Interfund transfers					
Transfers from other funds					
From General Fund	<u>1 050 427</u>	<u>525 213</u>	<u>-</u>	<u>525 213</u>	<u>(525 214)</u>
Total other financing sources	<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>-</u>	209	\$ <u>209</u>	\$ <u>209</u>
Fund Balance Beginning			-		
Fund Balance Ending			<u>\$ 209</u>		

Town of Archer Lodge, North Carolina
State Capital & Infrastructure Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2024

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment earnings	\$ 3 250	\$ 8 081	\$ 10 938	\$ 19 019	\$ 15 769
Total revenues	<u>3 250</u>	<u>8 081</u>	<u>10 938</u>	<u>19 019</u>	<u>15 769</u>
Expenditures					
Capital outlay:					
Construction	<u>853 250</u>	<u>267 819</u>	<u>325 605</u>	<u>593 424</u>	<u>259 826</u>
Total Expenditures	<u>853 250</u>	<u>267 819</u>	<u>325 605</u>	<u>593 424</u>	<u>259 826</u>
Revenues under expenditures	(850 000)	(259 738)	(314 667)	(574 405)	275 595
Other Financing Sources/Uses					
Interfund transfers					
Transfers from other funds					
From General Fund-Grant					
Revenue	<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>590 262</u>	(314 667)	\$ <u>275 595</u>	\$ <u>(275 595)</u>
Fund Balance Beginning			<u>590 262</u>		
Fund Balance Ending			\$ <u><u>275 595</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ 20 000	\$ 20 587	\$ 587
Total revenues	<u>20 000</u>	<u>20 587</u>	<u>587</u>
Expenditures:			
Current:	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>20 000</u>	<u>20 587</u>	<u>587</u>
Other financing sources:			
Transfers from other funds	-	-	-
Transfer (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>20 000</u>	20 587	\$ <u>587</u>
Fund balance, beginning		<u>421 009</u>	
Fund balance, ending		\$ <u>441 596</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, 2024

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023-2024	\$ -	\$ 1 303 533	\$ 1 302 692	\$ 841
2022-2023	150	-	78	72
2021-2022	123	-	7	116
2020-2021	147	-	6	141
2019-2020	149	-	-	149
2018-2019	7	-	-	7
2017-2018	8	-	-	8
2016-2017	10	-	-	10
2015-2016	8	-	-	8
2014-2015	-	-	-	-
	<u>\$ 602</u>	<u>\$ 1 303 533</u>	<u>\$ 1 302 783</u>	<u>\$ 1352</u>
Ad valorem taxes receivable - net				<u>\$ 1352</u>

Reconcilement with revenues:

Ad valorem taxes – General Fund	\$ 1 306 137
Reconciling items:	
Interest collected	<u>(3 354)</u>
Subtotal	<u>(3 354)</u>
Total collections and credits	<u>\$ 1 302 783</u>

Town of Archer Lodge, North Carolina
Analysis of Current Tax Levy
Town – Wide Levy
For the Fiscal Year Ended June 30, 2024

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 429 132 333	0.30	\$ 1 287 397	\$ 1 104 096	\$ 183 301
Penalties	-		-	-	-
Total	<u>420 132 333</u>		<u>1 287 397</u>	<u>1 104 096</u>	<u>183 301</u>
Discoveries:					
Current year taxes	<u>5 975 000</u>	0.30	<u>17 925</u>	<u>17 925</u>	<u>-</u>
Releases	<u>(596 333)</u>	0.30	<u>(1 789)</u>	<u>(1 789)</u>	<u>-</u>
Total property valuation	<u>\$ 434 511 000</u>				
Net levy			1 303 533	1 120 232	183 301
Uncollected taxes at June 30, 2024			<u>(841)</u>	<u>(841)</u>	<u>-</u>
Current year's taxes collected			\$ <u>1 302 692</u>	\$ <u>1 119 391</u>	\$ <u>183 301</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

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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, 2024, 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, 2024.

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, 2024