

**TOWN OF ARCHER LODGE**

**NORTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**Town Council Members**

**Matthew B. Mulhollem, Mayor**  
**Clyde B. Castleberry, Mayor Pro-Tem**  
**Teresa M. Bruton**  
**J. Mark Jackson**  
**Hearbert A. Locklear**  
**Mark B. Wilson**

**Administrative and Financial Staff**

**Teresa M. Bruton, Budget Officer**  
**Kim P. Batten, Finance Officer/Town Clerk**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Town of Archer Lodge, North Carolina**  
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## **FINANCIAL SECTION**

# *May & Place, PA*

CERTIFIED PUBLIC ACCOUNTANTS

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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 the Financial Statements**

We have audited the accompanying 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, 2018, 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## *Opinions*

In our opinion, the 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 of the Town of Archer Lodge, North Carolina as of June 30, 2018, and the respective changes in financial position and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 40 through 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the combining and individual major 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.

*May & Place, PA*

May & Place, PA  
Louisburg, NC  
October 29, 2018

## **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, 2018. 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

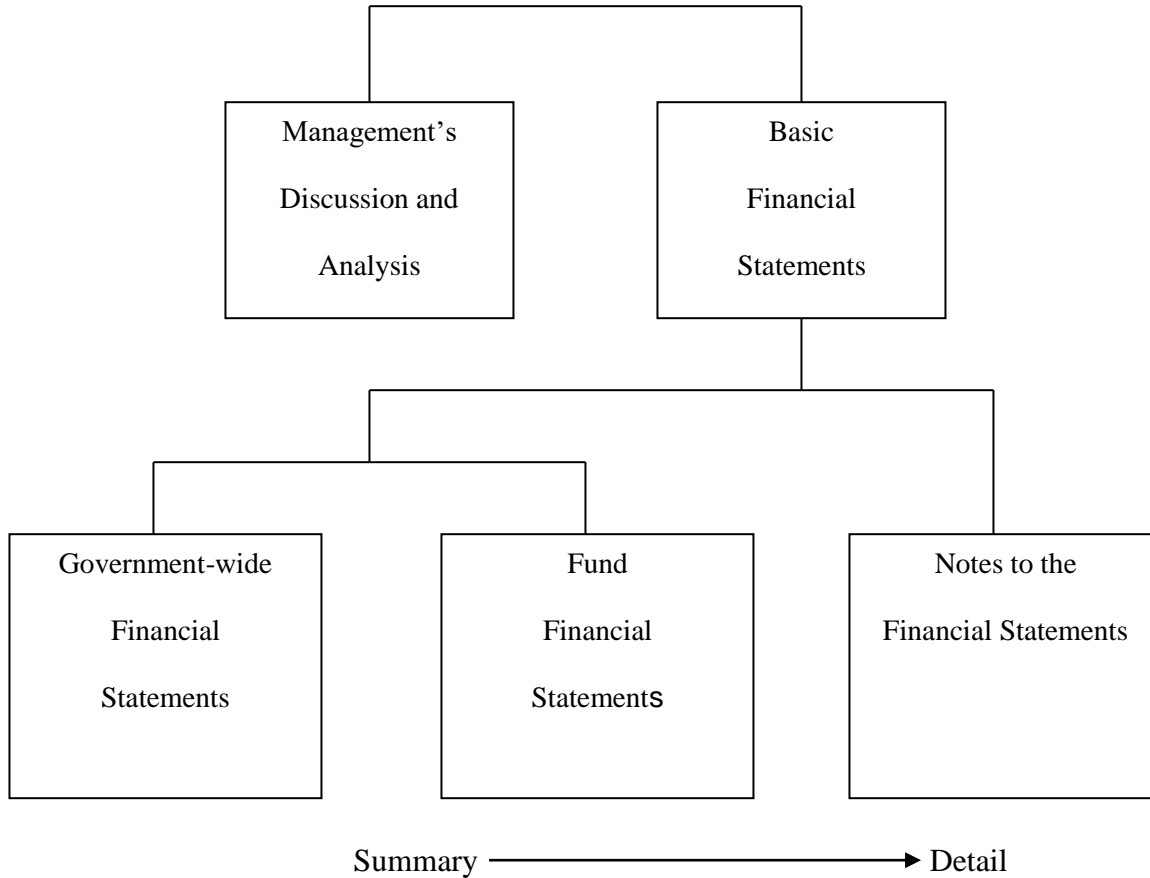
- The assets and deferred outflows of resources of the Town of Archer Lodge exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,226,503 (*net position*).
- The government's total net position increased by \$289,743.
- As of the close of the current fiscal year, the Town of Archer Lodge's governmental funds reported combined ending fund balances of \$1,949,314 with a net change of \$285,101 in fund balances. Approximately 18.41 percent of this total amount, or \$358,849, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$798,113 or 99.45 percent of total general fund expenditures for the fiscal year.
- The Town of Archer Lodge's total debt decreased by \$33,333 (10.0%) during the current fiscal year.
- Invested temporarily idle cash with NC Capital Management Trust to increase investment earnings by 162.06%.
- Continued funding the Park Reserve Fund for future park capital projects.
- Added staff position to employ a second Town employee.
- Increased employer contribution to the 401k program from 3% to 5% of gross salaries.
- Contracted with consulting firm to begin design of town hall expansion project.
- Contracted with website design firm to begin new and enhanced website.

### 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 statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.



## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how 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 of 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, Exhibit 5, 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. The notes to the financial statements begin on page 24 of this report.

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with 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 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**

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 1 988 746	\$ 1 693 161	\$ 1 988 746	\$ 1 693 161
Capital assets	582 565	611 172	582 565	611 172
Deferred outflows of resources	21 395	31 722	21 395	31 722
Total assets and deferred outflows of resources	<u>2 592 706</u>	<u>2 336 055</u>	<u>2 592 706</u>	<u>2 336 055</u>
Long-term liabilities outstanding	290 914	335 408	290 914	335 408
Other liabilities	72 108	61 628	72 108	61 628
Deferred inflows of resources	3 181	2 259	3 181	2 259
Total liabilities and deferred inflows of resources	<u>366 203</u>	<u>399 295</u>	<u>366 203</u>	<u>399 295</u>
Net Position:				
Net investment in capital assets	282 565	277 839	282 565	277 839
Restricted	358 849	73 325	358 849	73 325
Unrestricted	<u>1 585 089</u>	<u>1 585 596</u>	<u>1 585 089</u>	<u>1 585 596</u>
Total net position	<u>\$ 2 226 503</u>	<u>\$ 1 936 760</u>	<u>\$ 2 226 503</u>	<u>\$ 1 936 760</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Town of Archer Lodge exceeded liabilities and deferred inflows by \$2,226,503 as of June 30, 2018. The Town’s net position increased by \$289,743 for the fiscal year ended June 30, 2018. However, the largest portion (71.19%) reflects the Town’s unrestricted net assets. A balance of \$282,565 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 \$358,849 (16.12%) represents resources that are subject to external restrictions on how they may be used.

Several particular 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 99.95%, which is comparable to the statewide average of 99.01%.
- Spending levels being significantly lower (15.6%) than budgeted amounts.

### Town of Archer Lodge's Changes in Net Position

Figure 3

	<u>Governmental</u> <u>Activities</u> <u>2018</u>	<u>Governmental</u> <u>Activities</u> <u>2017</u>	<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
Revenues:				
Program revenues				
Charges for services	\$ 45 310	\$ 20 755	\$ 45 310	\$ 20 755
Operating grants and contributions	53 515	57 041	53 515	57 041
General Revenues				
Property taxes	590 434	553 556	590 434	553 556
Other taxes	378 342	332 234	378 342	332 234
Investment earnings	19 995	7 630	19 995	7 630
Other	-	1	-	1
Total revenues	<u>1 087 596</u>	<u>971 217</u>	<u>1 087 596</u>	<u>971 217</u>
Expenses:				
General government	419 464	376 056	419 464	376 056
Public safety	205 306	190 344	205 306	190 344
Transportation	13 839	6 979	13 839	6 979
Economic and physical development	89 714	86 613	89 714	86 613
Cultural and recreation	58 163	58 805	58 163	58 805
Interest on long-term debt	11 367	12 504	11 367	12 504
Total expenses	<u>797 853</u>	<u>731 301</u>	<u>797 853</u>	<u>731 301</u>
Increase in net position	289 743	239 916	289 743	239 916
Net position beginning	1 936 760	1 696 844	1 936 760	1 696 844
Net position, June 30	<u>\$ 2 226 503</u>	<u>\$ 1 936 760</u>	<u>\$ 2 226 503</u>	<u>\$ 1 936 760</u>

**Governmental activities:** Governmental activities increased the Town's net position by \$289,743 thereby accounting for all of the total growth in the net position of the Town of Archer Lodge.

Certain Key elements for the governmental funds:

- Total revenues were over 35% higher than expenses incurred by the Town.
- The Town receives approximately 35% of their 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 the East Wake Television (PEG Media Partners) of \$53,515.

## 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 \$798,113 while total Fund Balance reached \$1,229,245. The Town currently has an available fund balance of 99.45% of general fund expenditures, while total fund balance represents 153.18% of that same amount.

At June 30, 2018, the governmental funds of Town of Archer Lodge reported a combined fund balance of \$1,949,314 with a net increase in fund balance of \$285,101. Included in this change in fund balance is an increase in fund balance in the General Fund, Capital Reserve Fund, and Park Reserve Fund.

In 2017 the Town of Archer Lodge established a Park Reserve Fund to accumulate funds for park capital improvements. This fund is funded by property tax revenue received from the dedication of three cents (\$0.03) of the Town's general property tax rate of twenty cents (\$0.20). Through this tax, the fund increased by \$126,457.

**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. Expenditures were less than budgeted due to the Town taking continued steps to keep expenditures low in order to build the amount of unreserved fund balance. Also, the Town currently employs only two full-time employees; therefore, payroll expenditures have remained low. The Town received 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, 2018 totals \$582,565 (net of accumulated depreciation). These assets include land, buildings, and equipment.

There were no capital asset transactions during the year which ended June 30, 2018.

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

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 204 123	\$ 204 123	\$ 204 123	\$ 204 123
Construction in progress	-	-	-	-
Buildings	329 596	343 324	329 596	343 324
Equipment	19 209	31 893	19 209	31 893
Infrastructure	29 637	31 832	29 637	31 832
Total capital assets	<u>\$ 582 565</u>	<u>\$ 611 172</u>	<u>\$ 582 565</u>	<u>\$ 611 172</u>

Additional information on the Town's capital assets can be found in Note III.A.3 to the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2018, the Town of Archer Lodge had total debt outstanding of \$300,000. 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**

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Installment Purchase	\$ 300 000	\$ 333 333	\$ 300 000	\$ 333 333
Total	<u>\$ 300 000</u>	<u>\$ 333 333</u>	<u>\$ 300 000</u>	<u>\$ 333 333</u>

The Town of Archer Lodge's total debt decreased by \$33,333 (10.0%) during the past fiscal year due to the principle payment made during the fiscal year on the Town Hall building installment purchase obligation.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Archer Lodge is \$23,591,933.

Additional information regarding the Town of Archer Lodge's long-term debt can be found in Note III.B.6 to 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.

- Per 2010 census, the population increased 27% from 3,384 to 4,292. Population estimates made by the NC Department of Budget and Management indicate that as of July 2016, the Town population increased by 12.51% to 4,829. 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.
- Unemployment rate for Johnston County in June 2018 was 3.9% as compared to 4.2% for the State of North Carolina, both the same as a year ago.

## **Budget Highlights for the Fiscal Year Ending June 30, 2019**

**Governmental Activities:** The ad valorem tax rate was increased by \$0.02 to set the new rate at \$0.22 per \$100 valuation, with an anticipated increase of \$64,000 in property tax revenue. The total Town budgeted expenditures are expected to increase by \$70,000 over the final 2017-2018 budget. \$56,000 of this is for fire services, which coincides with the \$0.02 tax rate increase. The Town also reduced the appropriation of fund balance from \$50,000 to \$25,000 for subsequent year's expenditures.

Some of the main expenditures in the 2018-2019 Budget include:

- 39.4% of the property tax revenue funds the Archer Lodge Fire Department estimated at \$258,000 (or 25.3% of the total budget).
- Debt service payments of \$43,563 for the town hall.
- Funding for future capital projects of \$136,000.
- Funding for recreational programs at the Archer Lodge Community Center of \$70,000.
- PEG channel support from the NC Department of Revenue and contribution to East Wake Television (PEG Media Partners) \$52,000.
- Acquire a new administrative vehicle.
- Continued funding a feasibility study for potential sewer services to attract commercial growth.
- Town hall expansion.
- Funding for curb and gutter and sidewalks along Buffalo Road in cooperation with the North Carolina Department of Transportation.
- Park land acquisition.

## **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, Clayton, N.C. 27527. Other forms of contact include calling (919)359.9727, visiting the Town's website at [www.townofarcherlodge.com](http://www.townofarcherlodge.com), or through email to [kim.batten@townofarcherlodge.com](mailto:kim.batten@townofarcherlodge.com) for additional information.

## **BASIC FINANCIAL STATEMENTS**

**Town of Archer Lodge, North Carolina**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1 626 874	\$ 1 626 874
Taxes receivables (net)	2 998	2 998
Accounts receivable (net)	25	25
Accrued interest receivable	25	25
Due from other governments	81 107	81 107
Restricted cash and cash equivalents	277 717	277 717
Total current assets	<u>1 988 746</u>	<u>1 988 746</u>
Non-current assets:		
Capital assets:		
Land, non-depreciable improvements, and construction in progress	204 123	204 123
Other capital assets, net of depreciation	378 442	378 442
Total capital assets	<u>582 565</u>	<u>582 565</u>
Total assets	<u>2 571 311</u>	<u>2 571 311</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	21 395	21 395
Total deferred outflows of resources	<u>21 395</u>	<u>21 395</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	35 038	35 038
Accrued interest payable	3 737	3 737
Current portion of long-term liabilities	33 333	33 333
Total current liabilities	<u>72 108</u>	<u>72 108</u>
Long-term liabilities:		
Net pension liability	18 485	18 485
Compensated absences	5 762	5 762
Due in more than one year	266 667	266 667
Total liabilities	<u>363 022</u>	<u>363 022</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Prepaid taxes	1 225	1 225
Pension deferrals	1 956	1 956
Total deferred inflows of resources	<u>3 181</u>	<u>3 181</u>
<b>NET POSITION</b>		
Net investment in capital assets	282 565	282 565
Restricted for:		
Stabilization by State Statute	81 132	81 132
Parks capital projects	277 717	277 717
Unrestricted	1 585 089	1 585 089
Total net position	<u>\$ 2 226 503</u>	<u>\$ 2 226 503</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, 2018**

<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>
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 419 464	\$ 15	\$ 53 515	\$ -	\$ (365 934)	\$ (365 934)
Public safety	205 306	100	-	-	(205 206)	(205 206)
Transportation	13 839	-	-	-	(13 839)	(13 839)
Economic & physical development	89 714	5 195	-	-	(84 519)	(84 519)
Cultural and recreation	58 163	40 000	-	-	(18 163)	(18 163)
Interest on long-term debt	11 367	-	-	-	(11 367)	(11 367)
Total governmental activities	<u>797 853</u>	<u>45 310</u>	<u>53 515</u>	<u>-</u>	<u>(699 028)</u>	<u>(699 028)</u>
Total primary government	<u>\$ 797 853</u>	<u>\$ 45 310</u>	<u>\$ 53 515</u>	<u>\$ -</u>	<u>(699 028)</u>	<u>(699 028)</u>
General revenues						
Taxes:						
Property taxes levied for general purpose					590 434	590 434
Other taxes					378 342	378 342
Unrestricted investment earnings					19 995	19 995
Total general revenues not including transfers					<u>988 771</u>	<u>988 771</u>
Transfers					<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>988 771</u>	<u>988 771</u>
Change in net position					289 743	289 743
Net position, beginning, previously reported					1 936 760	1 936 760
Net position, ending					<u>\$ 2 226 503</u>	<u>\$ 2 226 503</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, 2018**

	Major Funds			Total Governmental Funds
	General Fund	Capital Reserve Fund	Park Reserve Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1 184 521	\$ 442 352	\$ -	\$ 1 626 873
Restricted cash and cash equivalents	-	-	277 717	277 717
Receivables, net:				
Taxes	2 998	-	-	2 998
Accounts	25	-	-	25
Due from other governments	81 107	-	-	81 107
Total assets	<u>1 268 651</u>	<u>442 352</u>	<u>277 717</u>	<u>1 988 720</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	35 183	-	-	35 183
Total liabilities	<u>35 183</u>	<u>-</u>	<u>-</u>	<u>35 183</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	2 998	-	-	2 998
Prepaid taxes	1 225	-	-	1 225
Total deferred inflows of resources	<u>4 223</u>	<u>-</u>	<u>-</u>	<u>4 223</u>
<b>FUND BALANCES</b>				
Restricted				
Stabilization by State Statute	81 132	-	-	81 132
Parks capital projects	-	-	277 717	277 717
Assigned				
Capital projects	-	442 352	-	442 352
Public safety	325 000	-	-	325 000
Subsequent year's expenditures	25 000	-	-	25 000
Unassigned	798 113	-	-	798 113
Total fund balances	<u>1 229 245</u>	<u>442 352</u>	<u>277 717</u>	<u>1 949 314</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1 268 651</u>	<u>\$ 442 352</u>	<u>\$ 277 717</u>	<u>\$ 1 988 720</u>

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

Exhibit 3 (con't)

**Town of Archer Lodge  
Balance Sheet  
Governmental Funds  
For the Year Ended June 30, 2018**

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

Total Fund Balance, Governmental Funds	\$	1 949 314
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost		729 604
Accumulated depreciation		<u>(147 039)</u>
		582 565
Deferred outflows of resources related to pensions are not reported in the funds		21 541
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.		25
Earned revenues considered deferred inflows of resources in fund statements.		2 998
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning		(333 333)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)		<u>33 333</u>
Net pension liability		(18 485)
Deferred inflows of resources related to pensions are not reported in the funds		(1 956)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		(3 737)
Compensated absences		<u>(5 762)</u>
Net position of governmental activities	\$	<u><u>2 226 503</u></u>

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

**Town of Archer Lodge, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	Major Funds			Total Governmental Funds
	General Fund	Capital Reserve Fund	Park Reserve Fund	
<b>REVENUES</b>				
Ad valorem taxes	\$ 590 434	\$ -	\$ -	\$ 590 434
Unrestricted intergovernmental	378 342	-	-	378 342
Restricted intergovernmental	53 515	-	-	53 515
Permits and fees	45 295	-	-	45 295
Investment earnings	12 661	4 826	2 508	19 995
Miscellaneous	15	-	-	15
Total revenues	1 080 262	4 826	2 508	1 087 596
<b>EXPENDITURES</b>				
Current:				
General government	390 014	-	-	390 014
Public safety	205 306	-	-	205 306
Transportation	13 839	-	-	13 839
Economic and physical development	90 473	-	-	90 473
Culture and recreation	58 163	-	-	58 163
Debt Service:				
Principal	33 333	-	-	33 333
Interest and other charges	11 367	-	-	11 367
Total expenditures	802 495	-	-	802 495
Excess (deficiency) of revenues over expenditures	277 767	4 826	2 508	285 101
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from (to) other funds	(151 457)	25 000	126 457	-
Total other financing sources (uses)	(151 457)	25 000	126 457	-
Net change in fund balances	126 310	29 826	128 965	285 101
Fund balances, beginning	1 102 935	412 526	148 752	1 664 213
Fund balances, ending	\$ 1 229 245	\$ 442 352	\$ 277 717	\$ 1 949 314

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 Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net changes in fund balances – total governmental funds	\$	285 101
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation expense for governmental assets		(28 607)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		8 284
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principle payments on long-term debt		33 333
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	\$ 147	
Pension expense	<u>(8 515)</u>	<u>(8 368)</u>
Total changes in net position of governmental activities	\$	<u>289 743</u>

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

Exhibit 5

**Town of Archer Lodge, North Carolina**  
**General Fund and Annually Budgeted Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**For the Year Ended June 30, 2018**

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 563 500	\$ 589 189	\$ 590 434	\$ 1 245
Unrestricted intergovernmental	300 010	355 510	378 342	22 832
Restricted intergovernmental	54 400	104 400	53 515	(50 885)
Permits and fees	22 500	45 600	45 295	(305)
Investment earnings	5 000	12 500	12 661	161
Miscellaneous	275	50	15	(35)
Total revenues	<u>945 685</u>	<u>1 107 249</u>	<u>1 080 262</u>	<u>(26 987)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	391 961	431 001	390 014	40 987
Public safety	229 000	233 524	205 306	28 218
Transportation	81 800	81 800	13 839	67 961
Economic & physical development	97 223	99 323	90 473	8 850
Cultural and recreation	55 000	60 000	58 163	1 837
<b>Debt service:</b>				
Principal retirement	33 333	33 333	33 333	-
Interest and other charges	11 368	11 368	11 367	1
Total expenditures	<u>899 685</u>	<u>950 349</u>	<u>802 495</u>	<u>147 854</u>
Revenues over (under) expenditures	<u>46 000</u>	<u>156 900</u>	<u>277 767</u>	<u>120 867</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	45 000	45 000	-	(45 000)
Transfers to other funds	(131 000)	(202 000)	(151 457)	50 543
Sales of capital assets	-	100	-	(100)
Total other financing sources (uses)	<u>(86 000)</u>	<u>(156 900)</u>	<u>(151 457)</u>	<u>5 443</u>
Fund balance appropriated	40 000	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	126 310	<u>\$ 126 310</u>
Fund balances, beginning			<u>1 102 935</u>	
Fund balances, ending			<u>\$ 1 229 245</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, 2018**

**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 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.

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

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

The Town has no non-major governmental funds.



### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus and 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem 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 in the County, including the Town of Archer Lodge. 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. Project ordinances have been adopted for the Capital Reserve Fund and Park Reserve 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. All budget amendments must be approved by the Town Council. 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 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 principle office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S.159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The securities of the NCCMT's Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued 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. 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 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

##### 4. 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.

## 5. 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.

## 6. 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.

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

## 7. 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 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

## 8. 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.

#### 9. Compensated Absences

The vacation policies of the Town provide 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 actually taken; no accrual for sick leave has been made.

#### 10. 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:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

    Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. Chapter 159-8(a)].

    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.

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.

#### 11. 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 and 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, 2018, the Town's deposits had a carrying amount of \$204,340 and a bank balance of \$214,961. 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, 2018, the Town of Archer Lodge investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/18	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 981 161	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	719 090	0.09 years <sup>a</sup>	Unrated
Total		\$ 1 700 251		

<sup>a</sup> This is the duration for the Term Portfolio

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of hierarchy; Level 1 debt securities are valued using directly observable, quoted prices (unadjusted in active markets for identical assets). Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

*Interest Rate Risk.* The Town of Archer Lodge does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2018. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US Government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

### 3. Capital Assets

#### **Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2018, were follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 204 123	\$ -	\$ -	\$ 204 123
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>204 123</u>	<u>-</u>	<u>-</u>	<u>204 123</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	402 650	-	-	402 650
Equipment	89 902	-	-	89 902
Infrastructure	32 930	-	-	32 930
Total capital assets being depreciated	<u>525 482</u>	<u>-</u>	<u>-</u>	<u>525 482</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	59 325	13 728	-	73 053
Equipment	58 009	12 684	-	70 693
Infrastructure	1 098	2 195	-	3 293
Total accumulated depreciation	<u>118 432</u>	<u>\$ 28 607</u>	<u>\$ -</u>	<u>147 039</u>
Total capital assets being depreciated, net	<u>407 050</u>			<u>378 443</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 611 173</u>			<u>\$ 582 566</u>

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

General government	\$ 28 607
Total depreciation expense	<u>\$ 28 607</u>

### 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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, 2018, was 8.29% 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 \$8,284 for the year ended June 30, 2018.

*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, 2018, the Town reported a liability of \$18,485 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was 0.00121%, which was a decrease of 0.00018% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$8,515. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1 065	\$ 523
Changes in assumptions	2 640	-
Net difference between projected and actual earnings on pension plan investments	4 488	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4 918	1 433
Town contributions subsequent to the measurement date	8 284	-
Total	<u>\$ 21 395</u>	<u>\$ 1 956</u>

The \$8,284 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 asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2019	\$ 3 210
2020	6 638
2021	3 042
2022	(1 736)
2023	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation & productivity factor
Investment rate of return	7.20%, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 55 494	\$ 18 485	\$ (12 405)

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

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

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

	<u>LGERS</u>	<u>Total</u>
Pension Expense	\$ 8 515	\$ 8 515
Pension Liability	18 485	18 485
Proportionate share of the net pension liability	0.00121%	0.00121%
<b>Deferred Outflows of Resources:</b>		
Differences between expected and actual experience	1 065	1 065
Changes of assumptions	2 640	2 640
Net difference between projected and actual earnings on plan investments	4 488	4 488
Changes in proportion and differences between contributions and proportionate share of contributions	4 918	4 918
Benefit payments and administrative costs paid subsequent to the measurement date	8 284	8 284
<b>Deferred Inflows of Resources:</b>		
Differences between expected and actual experience	523	523
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	1 433	1 433

**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 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, 2018 were \$8,642, which consisted of \$5,167 from the Town and \$3,475 from the general employees.

## 2. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contribution to pension plan in current fiscal year	\$ 8 284
Differences between expected and actual experience	1 065
Changes in assumptions	2 640
Net difference between projected and actual	4 488
Changes in proportion and differences between employer contributions and proportionate share of contributions	4 918
Total	<u>\$ 21 395</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid Taxes (General Fund)	\$ 1 225	\$ 1 225
Taxes receivable (General Fund), less penalties	-	2 998
Differences between expected and actual experience	523	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1 433	-
Total	<u>\$ 3 181</u>	<u>4 223</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 in 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 \$90,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2018 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 principal 15 annual payments of \$33,333 with an interest rate of 3.41%.

Annual debt service payments of the installment purchase as of June 30, 2018, including \$51,150 of interest, are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 33 333	\$ 10 230
2020	33 334	9 093
2021	33 333	7 957
2022	33 333	6 820
2023	33 333	5 683
2024-2027	133 334	11 367
<b>Total</b>	<b>\$ 300 000</b>	<b>\$ 51 150</b>

b. Changes in Long-Term Liabilities

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Current Portion of Balance</b>
Governmental activities:					
Installment purchases	\$ 333 333	\$ -	\$ 33 333	\$ 300 000	\$ 33 333
Compensated absences	5 908	-	146	5 762	-
Governmental activities long – term liabilities	<u>\$ 339 241</u>	<u>\$ -</u>	<u>\$ 33 479</u>	<u>\$ 305 762</u>	<u>\$ 33 333</u>

C. Interfund Balances and Activity

There were no balances due to/from other funds at June 30, 2018.

Transfers to/from other funds at June 30, 2018, consists of the following:

From the General Fund to the Capital Reserve Fund	\$ 25 000
From the General Fund to Park Capital Reserve Fund	<u>126 457</u>
Total transfers	<u>\$ 151 457</u>

Transfers are used to move unrestricted 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.

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	\$ 1 229 245
Less:	
Stabilization by State Statute	81 132
Assigned for Public Safety	325 000
Appropriated Fund Balance in 2019 year	25 000
Remaining Fund Balance	798 113

**IV. Related Party Transactions**

There were no related party transactions noted during the fiscal year ended June 30, 2018.

## Required Supplementary Financial Data

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

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- 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)**  
**Required Supplementary Information**  
**Last Five Fiscal Years\***

**Local Government Employees' Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Archer Lodge's proportion of the net pension liability (asset) (%)	.00121%	.13900%	.00059%	.00017%	00000%
Archer Lodge's proportion of the net pension liability (asset) (\$)	18 485	29 500	2 648	(1 003)	-
Archer Lodge's covered-employee payroll	67 849	58 551	46 313	35 490	-
Archer Lodge's proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll	27.24%	50.38%	5.72%	(2.83%)	0.00%
Plan fiduciary net position as a percentage of total pension liability	94.18%	91.47%	98.09%	102.64%	0.00%

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



**Town of Archer Lodge's Contributions  
Required Supplementary Information  
Last Five Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8 284	\$ 5 323	\$ 4 216	\$ 3 520	\$ 2 697
Contributions in relation to the contractually required contribution	8 284	5 323	4 216	3 520	2 697
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Archer Lodge's covered-employee payroll	\$ 100 663	\$ 67 849	\$ 58 551	\$ 46 313	\$ 35 490
Contributions as a percentage of covered-employee payroll	8.23%	7.88%	7.20%	7.60%	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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 589 654	\$
Interest		780	
Total	<u>589 189</u>	<u>590 434</u>	<u>1 245</u>
Unrestricted intergovernmental:			
Local option sales taxes		172 979	
Franchise taxes		156 249	
Beer and wine tax		20 916	
ABC profit distribution		28 198	
Total	<u>355 510</u>	<u>378 342</u>	<u>22 832</u>
Restricted intergovernmental:			
PEG Channel Support		53 515	
Total	<u>104 400</u>	<u>53 515</u>	<u>(50 885)</u>
Permits and fees:			
Planning and zoning revenue		5 195	
Animal control fees		100	
Fees in lieu of recreation		40 000	
Total	<u>45 600</u>	<u>45 295</u>	<u>(305)</u>
Investment earnings	<u>12 500</u>	<u>12 661</u>	<u>161</u>
Miscellaneous:			
Miscellaneous		15	
Total	<u>50</u>	<u>15</u>	<u>(35)</u>
Total Revenues	<u>1 107 249</u>	<u>1 080 262</u>	<u>(26 987)</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Town Council			
Salaries and employee benefits		7 751	
Other operating expenditures		31 172	
Total	<u>44 060</u>	<u>38 923</u>	<u>5 137</u>
Administration:			
Salaries and employee benefits		122 188	
Professional services		5 425	
Contracted services		44 681	
PEG Media Group		53 515	
Other operating expenditures		24 508	
Total	<u>276 669</u>	<u>250 317</u>	<u>26 352</u>
Tax Collections:			
Collection fees		15 376	
Total	<u>17 000</u>	<u>15 376</u>	<u>1 624</u>
Legal:			
Contracted services		14 618	
Total	<u>15 000</u>	<u>14 618</u>	<u>382</u>
Tax			
Taxes		96	
Total	<u>130</u>	<u>96</u>	<u>34</u>
Public Buildings			
Utility service fees		5 144	
Repairs and maintenance		11 961	
Contracted services		46 831	
Other operating expenses		6 748	
Total	<u>78 142</u>	<u>70 684</u>	<u>7 458</u>
Total general government	<u>431 001</u>	<u>390 014</u>	<u>40 987</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police and Animal Control:			
Other operating services		13	
Contracted services		3 548	
Total	<u>29 524</u>	<u>3 561</u>	<u>25 963</u>
Fire:			
Fire protection services		201 745	
Total	<u>204 000</u>	<u>201 745</u>	<u>2 255</u>
Total public safety	<u>233 524</u>	<u>205 306</u>	<u>28 218</u>
Transportation:			
Streets and highways:			
Street lighting		5 380	
Other operating expenditures		8 459	
Total transportation	<u>81 800</u>	<u>13 839</u>	<u>67 961</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits		13 815	
Other operating expenditures		3 766	
Professional fees		4 000	
Contracted services		68 892	
Total economic and physical development	<u>99 323</u>	<u>90 473</u>	<u>8 850</u>
Culture and recreation			
Parks and recreation			
Professional fees		8 163	
Contracted services		50 000	
Total culture and recreation	<u>60 000</u>	<u>58 163</u>	<u>1 837</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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service			
Principal retirement		33 333	
Interest and other charges		11 367	
Total debt service	<u>44 701</u>	<u>44 700</u>	<u>1</u>
 Total expenditures	 <u>950 349</u>	 <u>802 495</u>	 <u>147 854</u>
Revenues over (under) expenditures	156 900	277 767	120 867
Other financing sources (uses):			
Transfers from other funds:	45 000	-	(45 000)
Transfers to other funds:			
Capital Reserve Fund	(25 000)	(25 000)	-
Parks Reserve Fund	(177 000)	(126 457)	50 543
Sale of capital assets	100	-	(100)
Total	<u>(156 900)</u>	<u>(151 457)</u>	<u>5 443</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	126 310	<u>\$ 126 310</u>
Fund balances, beginning		<u>1 102 935</u>	
Fund balances, ending		<u><u>\$ 1 229 245</u></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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ 5 000	\$ 4 826	\$ (174)
Total revenues	<u>5 000</u>	<u>4 826</u>	<u>(174)</u>
Expenditures:			
Current:	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>5 000</u>	<u>4 826</u>	<u>(174)</u>
Other financing sources:			
Interfund transfers			
Transfer from general fund	25 000	25 000	-
Transfer to general fund	<u>(46 500)</u>	<u>-</u>	<u>46 500</u>
Total other financing sources	<u>(21 500)</u>	<u>25 000</u>	<u>46 500</u>
Appropriated fund balance	16 500		(16 500)
Net change in fund balance	\$ <u><u>-</u></u>	29 826	\$ <u><u>29 826</u></u>
Fund balance, beginning		<u>412 526</u>	
Fund balance, ending		\$ <u><u>442 352</u></u>	

**Town of Archer Lodge, North Carolina**  
**Park Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Investment earnings	\$ 2 500	\$ 2 508	\$ 8
Total revenues	2 500	2 508	8
Expenditures:			
Recreation Development	179 500	-	179 500
Total expenditures	179 500	-	179 500
Revenues over expenditures	177 000	2 508	179 508
Other financing sources:			
Interfund transfers			
Transfer form general fund	177 000	126 457	(50 543)
Total other financing sources	177 000	126 457	(50 543)
Net change in fund balance	\$ -	128 965	\$ 128 965
Fund balance, beginning		148 752	
Fund balance, ending		\$ 277 717	



## Other Schedules

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This section contains additional information required on property taxes

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- 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, 2018**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 589 890	\$ 589 587	\$ 303
2016-2017	243		90	153
2015-2016	-	-	-	-
2014-2015	-	-	-	-
2013-2014	290	-	6	284
2012-2013	67	-	3	64
2011-2012	59	-	9	50
2010-2011	1 723	-	8	1 715
2009-2010	429	-	-	429
	<u>\$ 2 811</u>	<u>\$ 589 890</u>	<u>\$ 589 703</u>	<u>\$ 2 998</u>
			Ad valorem taxes receivable - net	<u>\$ 2 998</u>

Reconcilement with revenues:

Ad valorem taxes – General Fund	\$ 590 434
Reconciling items:	
Interest collected	(780)
Discounts allowed	49
Subtotal	<u>(731)</u>
Total collections and credits	<u>\$ 589 703</u>

**Town of Archer Lodge, North Carolina**  
**Analysis of Current Tax Levy**  
**Town – Wide Levy**  
**For the Fiscal Year Ended June 30, 2018**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 293 008 500	0.20	\$ 586 017	\$ 499 938	\$ 86 079
Penalties	-		-	-	-
Total	<u>293 008 500</u>		<u>586 017</u>	<u>499 938</u>	<u>86 079</u>
Discoveries:					
Current year taxes	2 104 000	0.20	4 208	4 208	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Releases	(223 333)		(335)	(335)	-
Total property valuation	<u>\$ 294 889 167</u>				
Net levy			589 890	503 811	86 079
Uncollected taxes at June 30, 2018			<u>(303)</u>	<u>(303)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 589 587</u>	<u>\$ 503 508</u>	<u>\$ 86 079</u>
Current levy collection percentage			<u>99.95%</u>	<u>99.94%</u>	<u>100.00%</u>