

TOWN OF ARCHER LODGE

NORTH CAROLINA

ANNUAL FINANCIAL REPORT

Town Council Members

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Clyde B. Castleberry, Mayor Pro-Tempore

Teresa M. Bruton

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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, 2023

Town of Archer Lodge, North Carolina
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June 30, 2023

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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, 2023, 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, 2023, 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 the 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 8 through 15, 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 fund financial statements, budgetary schedules, and other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act* 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 January 15, 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

January 15, 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, 2023. 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

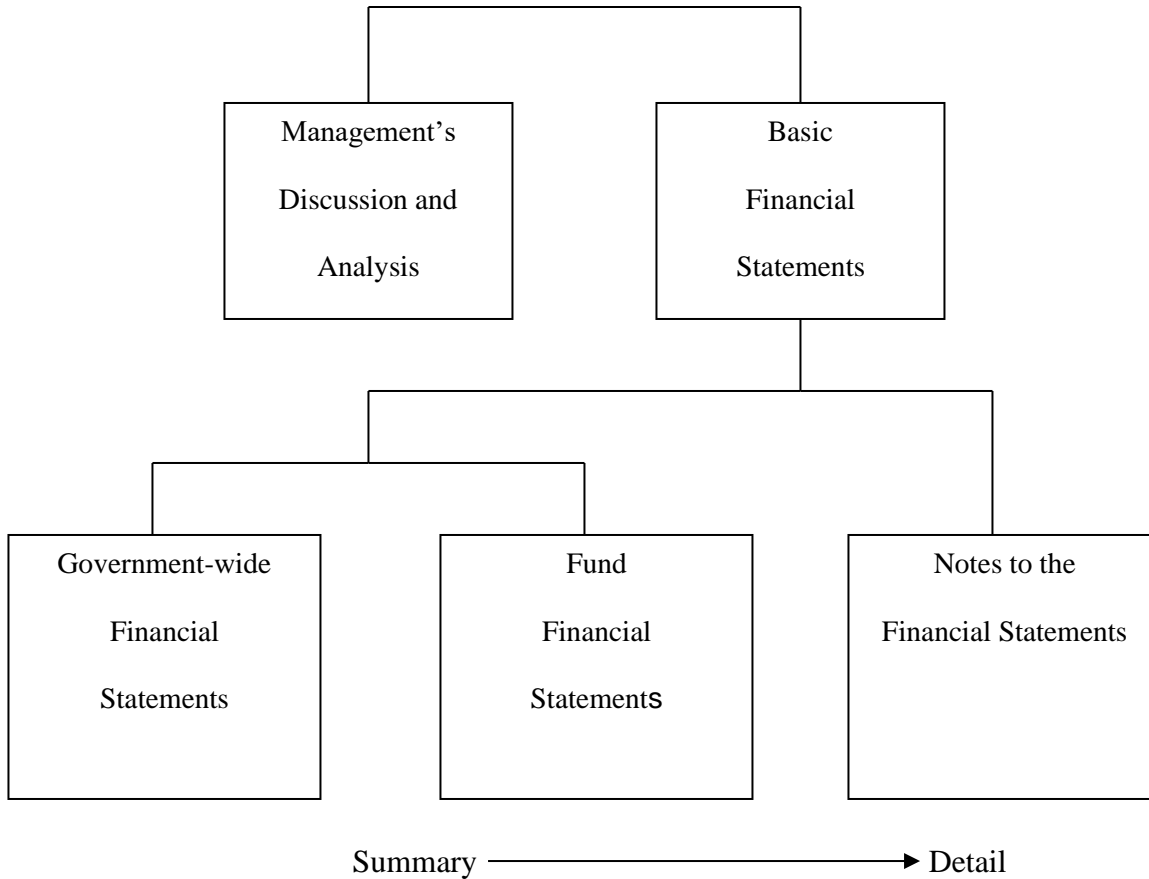
- The assets and deferred outflows of resources of the Town of Archer Lodge exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,170,100 (*net position*).
- The government's total net position increased by \$960,085.
- As of the close of the current fiscal year, the Town of Archer Lodge's governmental funds reported combined ending fund balances of \$2,997,263 with a net decrease of \$760,345 in fund balances.
- Approximately 25% of this total amount, or \$741,124, is non-spendable or restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$1,624,698 or 92% of total general fund expenditures for the fiscal year.
- The Town of Archer Lodge's total debt decreased by \$58,929 (8%) during the current fiscal year.
- The investment earnings from investing temporarily idle cash with NC Capital Management Trust increased by 779% due to additional funds received from federal and state grants.
- Continued funding the Park Reserve Fund for future park capital projects.
- The Town continued to work on a new park project which includes softball and baseball fields, playground, trails, walkways, and parking. Estimated completion date is November 2023.

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, 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 26 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes

certain required supplementary information concerning the Town’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 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

	Governmental Activities		Total	
	2023	2022	2023	2022
Current and other assets	\$ 3 482 751	\$ 4 216 828	\$ 3 482 751	\$ 4 216 828
Capital assets	3 872 906	2 209 998	3 872 906	2 209 998
Deferred outflows of resources	98 735	57 370	98 735	57 370
Total assets and deferred outflows of resources	<u>7 454 392</u>	<u>6 484 196</u>	<u>7 454 392</u>	<u>6 484 196</u>
Long-term liabilities outstanding	796 785	779 376	796 785	779 376
Other liabilities	486 463	459 523	486 463	459 523
Deferred inflows of resources	1 044	35 282	1 044	35 282
Total liabilities and deferred inflows of resources	<u>1 284 292</u>	<u>1 274 181</u>	<u>1 284 292</u>	<u>1 274 181</u>
Net Position:				
Net investment in capital assets	3 191 169	1 469 332	3 191 169	1 469 332
Restricted	925 409	1 659 066	925 409	1 659 066
Unrestricted	<u>2 053 522</u>	<u>2 081 617</u>	<u>2 053 522</u>	<u>2 081 617</u>
Total net position	<u>\$ 6 170 100</u>	<u>\$ 5 210 015</u>	<u>\$ 6 170 100</u>	<u>\$ 5 210 015</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 \$6,170,100 as of June 30, 2023. The Town’s net position increased by \$960,085 for the fiscal year ended June 30, 2023. A balance of \$3,191,169 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 \$925,409 (14.9%) 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 99.99%, which is consistent with municipalities of similar size in North Carolina (99.98%).

- Spending levels being significantly lower than budgeted amounts.

Town of Archer Lodge's Changes in Net Position
Figure 3

	Governmental Activities 2023	Governmental Activities 2022	Total 2023	Total 2022
Revenues:				
Program revenues				
Charges for services	\$ 7 655	\$ 8 835	\$ 7 655	\$ 8 835
Operating grants and contributions	51 282	51 616	51 282	51 616
Capital grants and contributions	779 053	1 392 976	779 053	1 392 976
General Revenues				
Property taxes	1 133 793	897 171	1 133 793	897 171
Other taxes	522 710	501 954	522 710	501 954
Investment earnings	96 854	11 025	96 854	11 025
Other	4 351	15	4 351	15
Total revenues	2 595 698	2 863 592	2 595 698	2 863 592
Expenses:				
General government	600 309	459 811	600 309	459 811
Public safety	375 857	359 829	375 857	359 829
Transportation	22 624	31 950	22 624	31 950
Economic and physical development	157 275	103 378	157 275	103 378
Cultural and recreation	452 948	47 908	452 948	47 908
Interest on long-term debt	26 600	30 649	26 600	30 649
Total expenses	1 635 613	1 033 525	1 635 613	1 033 525
Increase in net position	960 085	1 830 067	960 085	1 830 067
Net position beginning	5 210 015	3 379 948	5 210 015	3 379 948
Net position, June 30	\$ 6 170 100	\$ 5 210 015	\$ 6 170 100	\$ 5 210 015

The Town's overall net position increased \$960,085 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 \$960,085, 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 were 159% higher than expenses incurred by the Town.
- Property tax revenue increased 26.4% with 23% attributable to the 5-cent ad valorem tax rate increase and 3% to growth in the property values.
- The Town receives 19% of their operating budget from state-shared revenues including but not limited to utility franchise taxes and sales taxes.
- The Town received \$525,213 from the federal government's American Rescue Plan Act used in parks capital projects, with \$184,285 being classified as unearned revenue until expenditures are made.
- 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 \$51,282.

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 \$1,624,698 while total fund balance reached \$1,775,559. The Town currently has an available fund balance of 84 of general fund expenditures, while total fund balance represents 92% of that same amount.

At June 30, 2023, the governmental funds of Town of Archer Lodge reported a combined fund balance of \$2,997,263 with a net decrease in fund balance of \$760,345. The decrease is due mainly to using fund balances in the capital projects funds for park construction. The General Fund actually increased by \$203,995.

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 hired a full-time administrator and two recreation department employees, 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, 2023, totals \$3,872,906 (net of accumulated depreciation). These assets include land, buildings, equipment, and IT subscriptions.

Major capital asset transactions during the year which ended June 30, 2023 included parks construction of \$1,567,704.

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

Figure 4

	Governmental Activities		Total	
	2023	2022	2023	2022
Land	\$ 804 123	\$ 804 123	\$ 804 123	\$ 804 123
Construction in progress	2 302 739	735 035	2 302 739	735 035
Buildings	607 162	634 739	607 162	634 739
Vehicles	69 457	15 245	69 457	15 245
Infrastructure	41 832	20 857	41 832	20 857
IT subscriptions	47 592	-	47 592	-
Total capital assets	<u>\$ 3 872 905</u>	<u>\$ 2 209 999</u>	<u>\$ 3 872 905</u>	<u>\$ 2 209 999</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, 2023, the Town of Archer Lodge had total installment debt outstanding of \$630,334. 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	
	2023	2022	2023	2022
Installment Purchases	\$ 630 334	\$ 740 666	\$ 630 334	\$ 740 666
IT Subscription Liabilities	51 403	-	51 403	-
Net Pension Liability (LRS)	90 263	24 231	90 263	24 231
Compensated Absences	24 785	14 479	24 785	14 479
Total	<u>\$ 796 785</u>	<u>\$ 779 376</u>	<u>\$ 796 785</u>	<u>\$ 779 376</u>

Town of Archer Lodge's Outstanding Debt. The Town of Archer Lodge's total installment debt decreased by \$110,333 during the past fiscal year. During the fiscal year, principal payments of \$33,333 were made for the original Town Hall building, \$50,000 on the park land, and \$27,000 for the Town Hall expansion installment purchase obligations. North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Archer Lodge is \$33,526,000.

The implementation of GASB 96 resulted in an increase in IT subscription liabilities for governmental activities of \$51,403.

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 2021, the Town population increased to 5,023, an increase of 4.7% 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 2023 was 3.3% as compared to 3.6% for the State of North Carolina, a decrease for both data units from 2022.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: The ad valorem tax rate was set at \$0.30 per \$100 valuation, an increase of \$0.03. The distribution of the property tax was approved as \$0.12 (increase of \$0.03) 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 \$1,140,500, an increase of \$10,000 over the previous year.

Some of the main expenditures in the 2023-2024 Budget include:

- Forty percent of the property tax revenue funds the Archer Lodge Fire Department estimated at \$475,000 (or 19% of the total budget).
- Debt service payments of \$132,896 for the town hall, town hall expansion, and park loans (a reduction of \$4,044 in interest).
- PEG channel support from the NC Department of Revenue and contribution to East Wake Television (PEG Media Partners) \$51,500.
- Funding for a 5.0% COLA.
- Funding provided to allow for a full-time Planning Director by mid-year.
- Continued funding for final construction on new park.
- Funding for potential 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 \$200,000.

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, 2023

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2 445 601	\$ 2 445 601
Taxes receivables (net)	731	731
Accrued interest receivable	129	129
Due from other governments	151 455	151 455
Restricted cash & cash equivalents	884 835	884 835
Total current assets	<u>3 482 751</u>	<u>3 482 751</u>
Non-current assets:		
Capital assets:		
Land, non-depreciable improvements, and construction in progress	3 106 862	3 106 862
Other capital assets, net of depreciation	718 452	718 452
Right to use assets, net of amortization	47 592	47 592
Total capital assets	<u>3 872 906</u>	<u>3 872 906</u>
Total assets	<u>7 355 657</u>	<u>7 355 657</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	98 735	98 735
Total deferred outflows of resources	<u>98 735</u>	<u>98 735</u>
LIABILITIES		
Current liabilities:		
Accounts payable	189 393	189 393
Payables from restricted assets	110 287	110 287
Unearned ARPA grant	184 285	184 285
Accrued interest payable	2 498	2 498
Current portion of long-term liabilities	123 191	123 191
Total current liabilities	<u>609 654</u>	<u>609 654</u>
Long-term liabilities:		
Net pension liability	90 263	90 263
Compensated absences	24 785	24 785
Due in more than one year	558 546	558 546
Total liabilities	<u>1 283 248</u>	<u>1 283 248</u>
DEFERRED INFLOWS OF RESOURCES		
Prepaid taxes	663	663
Pension deferrals	381	381
Total deferred inflows of resources	<u>1 044</u>	<u>1 044</u>
NET POSITION		
Net investment in capital assets	3 191 169	3 191 169
Restricted for:		
Stabilization by State Statute	150 861	150 861
Capital projects	774 548	774 548
Unrestricted	2 053 522	2 053 522
Total net position	<u>\$ 6 170 100</u>	<u>\$ 6 170 100</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, 2023**

<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	\$ 600 309	\$ -	\$ 51 282	\$ -	\$ (549 027)	\$ (549 027)
Public safety	375 857	1 700	-	-	(374 157)	(374 157)
Transportation	22 624	-	-	-	(22 624)	(22 624)
Economic & physical development	157 275	5 000	-	-	(152 275)	(152 275)
Cultural and recreation	452 948	955	-	779 053	327 060	327 060
Interest on long-term debt	26 600	-	-	-	(26 600)	(26 600)
Total governmental activities	<u>1 635 613</u>	<u>7 655</u>	<u>51 282</u>	<u>779 053</u>	<u>(797 623)</u>	<u>(797 623)</u>
Total primary government	<u>\$ 1 635 613</u>	<u>\$ 7 655</u>	<u>\$ 51 282</u>	<u>\$ 779 053</u>	<u>(797 623)</u>	<u>(797 623)</u>
General revenues						
Taxes:						
Property taxes levied for general purpose					1 133 793	1 133 793
Other taxes					522 710	522 710
Unrestricted investment earnings					96 854	96 854
Miscellaneous					4 351	4 351
Total general revenues					<u>1 757 708</u>	<u>1 757 708</u>
Change in net position					960 085	960 085
Net position, beginning					5 210 015	5 210 015
Net position, ending					<u>\$ 6 170 100</u>	<u>\$ 6 170 100</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, 2023**

	Major Funds							Total Non-Major Funds	Total Governmental Funds
	General Fund	Capital Reserve Fund	Public Safety Reserve Fund	Capital Town Park Project Fund	American Rescue Plan Fund	State Capital & Infrast. Fund			
ASSETS									
Cash and cash equivalents	\$ 1 814 160	\$ 151 008	\$ 421 009	\$ -	\$ -	-	\$ 59 424	\$ 2 445 601	
Restricted cash	-	-	-	14 801	275 330	594 704	-	884 835	
Receivables, net:									
Taxes	731	-	-	-	-	-	-	731	
Due from other governments	151 455	-	-	-	-	-	-	151 455	
Total assets	1 966 346	151 008	421 009	14 801	275 330	594 704	59 424	3 482 622	
LIABILITIES									
Unearned ARPA revenue	-	-	-	-	184 285	-	-	184 285	
Accounts payable and accrued liabilities	189 393	-	-	14 800	91 045	4 442	-	299 680	
Total liabilities	189 393	-	-	14 800	275 330	4 442	-	483 965	
DEFERRED INFLOWS OF RESOURCES									
Property taxes receivable	731	-	-	-	-	-	-	731	
Prepaid taxes	663	-	-	-	-	-	-	663	
Total deferred inflows of resources	1 394	-	-	-	-	-	-	1 394	
FUND BALANCES									
Restricted									
Stabilization by State Statute	150 861	-	-	1	-	-	-	150 861	
Capital projects	-	-	-	-	-	590 262	-	590 263	
Assigned									
Future capital projects	-	151 008	-	-	-	-	59 424	210 432	
Public safety	-	-	421 009	-	-	-	-	421 009	
Unassigned	1 624 698	-	-	-	-	-	-	1 624 698	
Total fund balances	1 775 559	151 008	421 009	1	-	590 262	59 424	2 997 263	
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1 966 346</u>	\$ <u>151 008</u>	\$ <u>421 009</u>	\$ <u>14 801</u>	\$ <u>275 330</u>	\$ <u>594 704</u>	\$ <u>59 424</u>	\$ <u>3 482 622</u>	

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

**Town of Archer Lodge
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2023**

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

Total Fund Balance, Governmental Funds	\$	2 997 263
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Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Gross capital assets at historical cost	4 164 199	
Accumulated depreciation	<u>(338 885)</u>	3 825 314

Right to use assets used in governmental activities are not financial resources and therefore, not reported in the funds	60 403	
Accumulated amortization	<u>(12 811)</u>	47 592

Deferred outflows of resources related to pensions are not reported in the funds		98 735
--	--	--------

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.		129
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Earned revenues considered deferred inflows of resources in fund statements.		731
--	--	-----

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

Gross long-term debt beginning	(740 666)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	<u>58 929</u>	(681 737)
Net pension liability		(90 263)

Deferred inflows of resources related to pensions are not reported in the funds		(381)
---	--	-------

Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		(2 498)
Compensated absences		<u>(24 785)</u>

Net position of governmental activities	\$	<u><u>6 170 100</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, 2023

	Major Funds						Total Non-Major Funds	Total Governmental Funds
	General Fund	Capital Reserve Fund	Public Safety Reserve Fund	Capital Town Park Project Fund	American Rescue Plan Fund	State Capital & Infrastructure Fund		
REVENUES								
Ad valorem taxes	\$ 1 134 465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1 134 465
Unrestricted intergovernmental	522 710	-	-	-	-	-	-	522 710
Restricted intergovernmental	134 474	-	-	354 934	340 928	-	-	830 336
Sales and services	955	-	-	-	-	-	-	955
Permits and fees	6 700	-	-	-	-	-	-	6 700
Investment earnings	57 829	9 547	13 439	-	5 045	7 765	3 229	96 854
Miscellaneous	4 351	-	-	-	-	-	-	4 351
Total revenues	1 861 484	9 547	13 439	354 934	345 973	7 765	3 229	2 596 371
EXPENDITURES								
Current:								
General government	523 467	-	-	-	17 228	-	-	540 695
Public Safety	375 858	-	-	-	-	-	-	375 858
Transportation	22 624	-	-	-	-	-	-	22 624
Economic and physical development	165 399	-	-	-	-	-	-	165 399
Culture and recreation	441 149	-	-	-	-	-	-	441 149
Debt service:								
Principal	119 333	-	-	-	-	-	-	119 333
Interest and other charges	26 600	-	-	-	-	-	-	26 600
Capital outlay	259 857	-	-	424 768	773 017	267 819	-	1 725 461
Total expenditures	1 934 287	-	-	424 768	790 245	267 819	-	3 417 119
Excess (deficiency) of revenues over expenditures	(72 803)	9 547	13 439	(69 834)	(444 272)	(260 054)	3 229	(820 748)

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, 2023

	Major Funds						Total Non-Major Funds	Total Governmental Funds
	General Fund	Capital Reserve Fund	Public Safety Reserve Fund	Capital Town Park Project Fund	American Rescue Plan Fund	State Capital & Infrastructure Fund		
OTHER FINANCING SOURCES (USES)								
Transfer from other funds	351 600	-	-	59 578	-	-	85 206	496 384
Transfer to other funds	(135 206)	(291 600)	-	-	-	-	(69 578)	(496 384)
IT subscription agreement	60 403	-	-	-	-	-	-	60 403
Total other financing sources(uses)	276 797	(291 600)	-	59 578	-	-	15 628	60 403
Net change in fund balance	203 994	(282 053)	13 439	(10 256)	(444 272)	(260 054)	18 857	(760 345)
Fund balances, beginning	1 571 565	433 061	407 570	10 257	444 272	850 316	40 567	3 757 608
Fund balances, ending	\$ 1 775 559	\$ 151 008	421 009	\$ 1	\$ -	\$ 590 262	59 424	\$ 2 997 263

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, 2023

Net changes in fund balances – total governmental funds \$ (760 345)

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	\$ 1 665 058	
Depreciation expense for governmental assets	<u>(49 743)</u>	1 615 315

Right to use IT subscription agreement	60 403	
Amortization expense for intangible assets	<u>12,811</u>	47 592

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 42 227

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		(672)
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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	(60 403)	
IT agreement payments	9 000	
Principal payments on long-term debt	<u>110 333</u>	58 930

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	(10 306)	
Pension expense	<u>(32 656)</u>	<u>(42 962)</u>

Total changes in net position of governmental activities \$ 960 085

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, 2023

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 1 116 500	\$ 1 134 325	\$ 1 134 465	\$ 140
Unrestricted intergovernmental	465 500	519 805	522 710	2 905
Restricted intergovernmental	660 400	660 400	134 474	(525 926)
Sales and services	-	1 000	955	(45)
Permits and fees	85 500	86 500	6 700	(79 800)
Investment earnings	4 500	55 000	57 829	2 829
Miscellaneous	-	4 500	4 351	(149)
Total revenues	<u>2 332 400</u>	<u>2 461 530</u>	<u>1 861 484</u>	<u>(600 046)</u>
Expenditures:				
Current:				
General government	564 790	588 345	581 219	7 126
Public safety	571 700	578 700	375 858	202 842
Transportation	28 500	28 500	22 624	5 876
Economic & physical development	236 030	198 930	165 399	33 531
Cultural and recreation	408 940	986 490	643 254	343 236
Debt service:				
Principal retirement	110 336	110 336	119 333	(8 997)
Interest and other charges	26 604	26 604	26 600	4
Total expenditures	<u>1 946 900</u>	<u>2 517 905</u>	<u>1 934 287</u>	<u>583 618</u>
Revenues over (under) expenditures	<u>385 500</u>	<u>(56 375)</u>	<u>(72 803)</u>	<u>(16 428)</u>
Other financing sources (uses):				
It subscription agreement	-	-	60 403	60 403
Transfers from other funds	260 000	551 600	351 600	(200 000)
Transfers to other funds	(685 500)	(735 225)	(135 206)	600 019
Total other financing sources (uses)	<u>(425 500)</u>	<u>(183 625)</u>	<u>276 797</u>	<u>460 422</u>
Fund balance appropriated	40 000	240 000	-	(240 000)
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	203 994	\$ <u>203 994</u>
Fund balances, beginning			<u>1 571 565</u>	
Fund balances, ending			<u>\$ 1 775 559</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, 2023

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.

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.

The Town reports the following non-major governmental funds:

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 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. 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. 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.

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 NCCMT's Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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 Fund - Parks	\$	594 704
American Rescue Plan Act Fund		275 330
Capital Town Park Project Fund		<u>14 801</u>
Total Restricted Cash	\$	<u>884 835</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, 2022.

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 2023 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, 2023, the Town's deposits had a carrying amount of \$1,120,169 and a bank balance of \$1,146,856. 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, 2023, the Town of Archer Lodge had \$2,210,267 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. Lease 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, 2023, 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	735 035	1 567 704	-	2 302 739
Total capital assets not being depreciated	<u>1 539 158</u>	<u>1 567 704</u>	<u>-</u>	<u>3 106 862</u>
Capital assets being depreciated:				
Buildings and improvements	818 096	-	-	818 096
Equipment	89 902	-	-	89 902
Vehicles	19 056	72 529	-	91 585
Infrastructure	32 929	24 825	-	57 754
Total capital assets being depreciated	<u>959 983</u>	<u>97 354</u>	<u>-</u>	<u>1 057 337</u>
Less accumulated depreciation for:				
Buildings and improvements	183 357	27 576	-	210 933
Equipment	89 901	-	-	89 901
Vehicles	3 811	18 317	-	22 128
Infrastructure	12 073	3 850	-	15 923
Total accumulated depreciation	<u>289 142</u>	<u>49 743</u>	<u>-</u>	<u>338 885</u>
Total capital assets being depreciated, net	<u>670 841</u>	<u>47 611</u>	<u>-</u>	<u>718 452</u>
Capital assets being amortized:				
Right to use assets:				
IT subscriptions	-	60 403	-	60 403
Total capital assets being amortized	<u>-</u>	<u>60 403</u>	<u>-</u>	<u>60 403</u>
Less accumulated amortization for:				
Right to use assets:				
IT subscriptions	-	12 811	-	12 811
Total accumulated amortization	<u>-</u>	<u>12 811</u>	<u>-</u>	<u>12 811</u>
Total capital assets being amortized, net	<u>-</u>	<u>47 592</u>	<u>-</u>	<u>47 592</u>
Governmental activity capital assets, net	<u>\$ 2 209 999</u>	<u>\$ 1 662 907</u>	<u>\$ -</u>	<u>\$ 3 872 906</u>

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

General government	\$ 43 469
Culture and recreation	\$ 19 085
Total depreciation and amortization expense	<u>\$ 62 554</u>

Construction commitments

The government has active construction projects as of June 30, 2023. 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	\$ 2 902 739	\$ 427 179

6. Right to Use Leased Assets

The Town has no recorded right to use leased assets.

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, 2023, was 12.85% 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 \$42,227 for the year ended June 30, 2023.

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, 2023, the Town reported a liability of \$90,263 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2022 (measurement date), the Town’s proportion was 0.00160%, which was an increase of 0.00002% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$32,656. At June 30, 2023, 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	\$ 3 889	\$ 381
Changes in assumptions	9 006	-
Net difference between projected and actual earnings on pension plan investments	29 833	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	13 780	-
Town contributions subsequent to the measurement date	42 227	-
Total	<u>\$ 98 735</u>	<u>\$ 381</u>

The \$42,227 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 19 530
2025	17 096
2026	5 288
2027	14 213
2028	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2022, 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, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2011, through December 31, 2015.

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, 2022, 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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 6.50%. 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 162 913	\$ 90 263	\$ 30 395

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:

	<u>LGERS</u>	<u>Total</u>
Pension Expense	\$ 32 656	\$ 32 656
Pension Liability	90 263	90 263
Proportionate share of the net pension liability	0.00160%	0.00160%
Deferred Outflows of Resources:		
Differences between expected and actual experience	3 889	3 889
Changes of assumptions	9 006	9 006
Net difference between projected and actual earnings on plan investments	29 833	29 833
Changes in proportion and differences between contributions and proportionate share of contributions	13 780	13 780
Benefit payments and administrative costs paid subsequent to the measurement date	42 227	42 227
Deferred Inflows of Resources:		
Differences between expected and actual experience	381	381
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, 2023, were \$45,480 which consisted of \$22,286 from the Town and \$23,194 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	\$ 42 227
Differences between expected and actual experience	3 889
Changes in assumptions	9 006
Net difference between projected and actual earnings on plan investments	29 833
Changes in proportion and differences between employer contributions and proportionate share of contributions	13 780
Total	<u>\$ 98 735</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid Taxes (General Fund)	\$ 663	\$ 663
Taxes receivable (General Fund), less penalties	-	731
Net difference between projected and actual earnings on plan investments	381	-
Total	<u>\$ 1 044</u>	<u>\$ 1 394</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 and "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 \$200,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2023, 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, 2023 are as follows:

Year Ending June 30	Direct Placement Governmental Activities	
	Principal	Interest
2024	\$ 33 333	\$ 4 547
2025	33 333	3 410
2026	33 333	2 273
2027	33 334	1 137
Total	\$ 133 333	\$ 11 367

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, 2023 are as follows:

Year Ending June 30	Direct Placement Governmental Activities	
	Principal	Interest
2024	\$ 50 000	\$ 8 000
2025	50 000	6 000
2026	50 000	4 000
2027	50 000	2 000
Total	\$ 200 000	\$ 20 000

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, 2023 are as follows:

<u>Year Ending June 30</u>	<u>Direct Placement Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 27 000	\$ 10 009
2025	27 000	9 124
2026	27 000	8 189
2027	27 000	7 279
2028	27 000	6 369
2029-2033	135 000	18 218
2034	27 000	910
Total	\$ 297 000	\$ 60 098

b. Subscriptions

For the year ended June 30, 2023, 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 at June 30, 2023 was \$51,403.

The future minimum subscription obligation payments as of June 30, 2023.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 12 858	\$ 641
2025	10 903	482
2026	11 179	346
2027	11 461	206
2028	5 002	63
Total	\$ 51 403	\$ 1 736

c. Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$ 740 666	\$ -	\$ 110 332	\$ 630 334	\$ 110 333
IT Subscription liabilities	-	60 403	9 000	51 403	12 858
Net pension liability (LGERS)	24 231	66 032	-	90 263	-
Compensated absences	14 479	10 306	-	24 785	-
Governmental activities long – term liabilities	<u>\$ 779 376</u>	<u>\$ 136 741</u>	<u>\$ 119 332</u>	<u>\$ 796 785</u>	<u>\$ 123 191</u>

C. Interfund Balances and Activity

There were no balances due to/from other funds at June 30, 2023.

Transfers to/from other funds at June 30, 2023, consists of the following:

From the General Fund to the Park Capital Project Fund	\$ 50 000
From the General Fund to Park Reserve Fund	85 206
From the Capital Reserve Fund to General Fund	291 600
From the Park Reserve Fund to the General Fund	60 000
From the Park Reserve Fund to the Park Capital Project Fund	<u>9 578</u>
Total transfers	<u>\$ 496 384</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	\$ 1 775 559
Less:	
Stabilization by State Statute	150 861
Remaining Fund Balance	1 624 698

IV. Related Party Transactions

There were no related party transactions noted during the fiscal year ended June 30, 2023.

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 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)
Required Supplementary Information
Last Ten Fiscal Years*

Local Government Employees' Retirement System

<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>
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%
2014	0.00000%	-	-	0.00%	94.35%

*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 Ten Fiscal Years**

Local Government Employees' Retirement System

Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions as a percentage of covered-employee payroll
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%
2014	2 697	2 697	-	35 490	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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 1 131 354	\$
Interest		3 111	
Total	<u>1 134 325</u>	<u>1 134 465</u>	<u>140</u>
Unrestricted intergovernmental:			
Local option sales taxes		333 306	
Franchise taxes		151 991	
Beer and wine tax		22 766	
ABC profit distribution		14 647	
Total	<u>519 805</u>	<u>522 710</u>	<u>2 905</u>
Restricted intergovernmental:			
PEG channel support		51 282	
Park Land Grant Proceeds		83 192	
Total	<u>660 400</u>	<u>134 474</u>	<u>(525 926)</u>
Permits and fees:			
Planning and zoning revenue		5 000	
Animal control fees		1 700	
Total	<u>86 500</u>	<u>6 700</u>	<u>(79 800)</u>
Sales and services:			
Parks & Recreation charges		955	
Total	<u>1 000</u>	<u>955</u>	<u>(45)</u>
Investment earnings	<u>55 000</u>	<u>57 829</u>	<u>2 829</u>
Miscellaneous:			
Miscellaneous		4 351	
Total	<u>4 500</u>	<u>4 351</u>	<u>(149)</u>
Total Revenues	<u>2 461 530</u>	<u>1 861 484</u>	<u>(600 046)</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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Town Council			
Salaries and employee benefits		11 303	
Other operating expenditures		23 528	
Total	<u>46 105</u>	<u>34 831</u>	<u>11 274</u>
Administration:			
Salaries and employee benefits		261 140	
Professional services		10 500	
Contracted services		13 763	
PEG Media Group		51 282	
Other operating expenditures		33 894	
Capital outlay		32 927	
Total	<u>389 560</u>	<u>403 506</u>	<u>(13 946)</u>
Tax Collections:			
Collection fees		29 532	
Total	<u>30 000</u>	<u>29 532</u>	<u>468</u>
Legal:			
Contracted services		15 450	
Total	<u>18 000</u>	<u>15 450</u>	<u>2 550</u>
Tax			
Taxes		12	
Total	<u>100</u>	<u>12</u>	<u>88</u>
Public Buildings			
Utility service fees		9 740	
Repairs and maintenance		7 765	
Contracted services		38 384	
Other operating expenses		17 174	
Capital outlay		24 825	
Total	<u>104 580</u>	<u>97 888</u>	<u>6 692</u>
Total general government	<u>588 345</u>	<u>581 219</u>	<u>7 126</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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police and Animal Control:			
Contracted services		4 449	
Other operating services		77	
Total	<u>206 200</u>	<u>4 526</u>	<u>201 674</u>
Fire:			
Fire protection services		371 332	
Total	<u>372 500</u>	<u>371 332</u>	<u>1 168</u>
Total public safety	<u>578 700</u>	<u>375 858</u>	<u>202 842</u>
Transportation:			
Streets and highways:			
Street lighting		5 773	
Other operating expenditures		16 851	
Total transportation	<u>28 500</u>	<u>22 624</u>	<u>5 876</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits		112 227	
Other operating expenditures		7 922	
Contracted services		45 250	
Total economic and physical development	<u>198 930</u>	<u>165 399</u>	<u>33 531</u>
Culture and recreation			
Parks and recreation			
Salaries and employee benefits		101 674	
Professional fees		33 347	
Other operating expenditures		45 285	
Contracted services		260 843	
Capital outlay		202 105	
Total culture and recreation	<u>986 490</u>	<u>643 254</u>	<u>343 236</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, 2023

	Budget	Actual	Variance Positive (Negative)
Debt Service			
Principal retirement	110 336	119 333	(8 997)
Interest and other charges	26 604	26 600	4
Total debt service	136 940	145 933	(8 993)
 Total expenditures	 2 517 905	 1 934 287	 583 618
 Revenues over (under) expenditures	 (56 375)	 (72 803)	 (16 428)
 Other financing sources (uses):			
Transfers from other funds:			
Park Reserve Fund	60 000	60 000	-
Public Safety Reserve Fund	200 000	-	(200 000)
Capital Reserve Fund	291 600	291 600	-
Transfers to other funds:			
Parks Reserve Fund	(160 000)	(85 206)	74 794
Parks Capital Project Fund	(50 000)	(50 000)	-
ARPA Fund	(525 225)	-	525 225
IT Subscription Agreement	-	60 403	60 403
Total	(183 625)	276 797	460 422
 Fund balance appropriated	 240 000	 -	 (240 000)
 Net change in fund balance	 \$ -	 203 994	 \$ 203 994
 Fund balances, beginning		 1 571 565	
Fund balances, ending		 \$ 1 775 559	

**Town of Archer Lodge, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2023**

	Park Reserve Fund	Total Non-Major Governmental Funds
Assets		
Cash and cash equivalents	\$ 59 424	\$ 59 424
Total assets	59 424	59 424
Liabilities and Fund Balances	-	-
Fund balances:		
Assigned	59 424	59 424
Total liabilities and fund balances	\$ 59 424	\$ 59 424

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, 2023

	Park Reserve Fund	Total Non-Major Governmental Funds
Revenue		
Investment earnings	\$ 3 229	\$ 3 229
Total revenue	3 229	3 229
Expenditures		
Construction	-	-
Total expenditures	-	-
Revenues over expenditures	3 229	3 229
Other financing sources (uses)		
Transfers from other funds	85 206	85 206
Transfers (to) other funds	(69 578)	(69 578)
Total other financing sources	15 628	15 628
Net change in fund balance	18 857	18 857
Fund balance beginning	40 567	40 567
Fund balance ending	\$ 59 424	\$ 59 424

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, 2023

	Budget	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues					
Restricted intergovernmental:					
State Grant	\$ 500 000	\$ 61 837	\$ 354 934	\$ 416 771	\$ (83 229)
Total revenues	<u>500 000</u>	<u>61 837</u>	<u>354 934</u>	<u>416 771</u>	<u>(83 229)</u>
Expenditures					
Capital outlay:					
Design/engineering	146 342	126 761	19 550	146 311	31
Construction	863 008	373 143	364 615	737 758	125 250
Contingency	40 650	-	40 603	40 603	47
Total Expenditures	<u>1 050 000</u>	<u>499 904</u>	<u>424 768</u>	<u>924 672</u>	<u>125 328</u>
Revenues under expenditures	(550 000)	(438 067)	(69 834)	(507 901)	42 099
Other Financing Sources/Uses					
Interfund transfers					
Transfers from other funds					
From General Fund	50 000	-	50 000	50 000	-
From Park Reserve Fund	500 000	448 324	9 578	457 902	(42 098)
Total other financing sources	<u>550 000</u>	<u>448 324</u>	<u>59 578</u>	<u>507 902</u>	<u>(42 098)</u>
Appropriated fund balance	-	-	-	-	-
Net change in fund balance	\$ <u>-</u>	\$ <u>10 257</u>	(10 256)	\$ <u>1</u>	\$ <u>1</u>
Fund Balance Beginning			10 257		
Fund Balance Ending			\$ <u>1</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ 9 500	\$ 9 547	\$ 47
Total revenues	<u>9 500</u>	<u>9 547</u>	<u>47</u>
Expenditures:			
Current:	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>9 500</u>	<u>9 547</u>	<u>47</u>
Other financing sources:			
Interfund transfers			
Transfer to general fund	<u>(291 600)</u>	<u>(291 600)</u>	<u>-</u>
Total other financing sources	<u>(291 600)</u>	<u>(291 600)</u>	<u>-</u>
Appropriated fund balance	<u>282 100</u>	<u>-</u>	<u>(282 100)</u>
Net change in fund balance	<u>-</u>	<u>(282 053)</u>	<u>282 053</u>
Fund balance, beginning		<u>433 061</u>	
Fund balance, ending		<u>\$ 151 008</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, 2023**

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental Federal Grant	\$ -	\$ -	\$ 340 928	\$ 340 928	\$ 340 928
Investment earnings	3 150	669	5 045	5 714	2 564
Total revenues	<u>3 150</u>	<u>669</u>	<u>345 973</u>	<u>346 642</u>	<u>343 492</u>
Expenditures					
Other expenditures	17 000	-	17 228	17 228	(228)
Capital outlay:					
Construction	1 036 577	81 610	773 017	854 627	181 950
Total Expenditures	<u>1 053 577</u>	<u>81 610</u>	<u>790 245</u>	<u>871 855</u>	<u>181 722</u>
Revenues under expenditures	(1 050 427)	(80 941)	(444 272)	(525 213)	525 214
Other Financing Sources/Uses					
Interfund transfers					
Transfers from other funds					
From General Fund	1 050 427	525 213	-	525 513	(525 514)
Total other financing sources	<u>1 050 427</u>	<u>525 213</u>	<u>-</u>	<u>525 513</u>	<u>(525 514)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>444 272</u>	(444 272)	\$ <u>-</u>	\$ <u>-</u>
Fund Balance Beginning			444 272		
Fund Balance Ending			<u>\$ -</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, 2023**

	Project Author- ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Investment earnings	\$ 3 250	\$ 316	\$ 7 765	\$ 8 081	\$ 4 831
Total revenues	<u>3 250</u>	<u>316</u>	<u>7 765</u>	<u>8 081</u>	<u>4 831</u>
Expenditures					
Capital outlay:					
Construction	853 250	-	267 819	267 819	585 431
Total Expenditures	<u>853 250</u>	<u>-</u>	<u>267 819</u>	<u>267 819</u>	<u>585 431</u>
Revenues under expenditures	(850 000)	316	(260 054)	(259 738)	590 262
Other Financing Sources/Uses					
Interfund transfers					
Transfers from other funds					
From General Fund-Grant					
Revenue	850 000	850 000	-	850 000	-
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>850 316</u>	(260 054)	\$ <u>590 262</u>	\$ <u>590 262</u>
Fund Balance Beginning			850 316		
Fund Balance Ending			<u>\$ 590 262</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment earnings	\$ <u>12 500</u>	\$ <u>13 439</u>	\$ <u>939</u>
Total revenues	<u>12 500</u>	<u>13 439</u>	<u>939</u>
Expenditures:			
Current:	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>12 500</u>	<u>13 439</u>	<u>939</u>
Other financing sources:			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
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><u>12 500</u></u>	13 439	\$ <u><u>939</u></u>
Fund balance, beginning		<u>407 570</u>	
Fund balance, ending		\$ <u><u>421 009</u></u>	

Other Schedules

This section contains additional information required on property taxes

- Schedule of Ad Valorem Taxes Receivable

- Analysis of Current Tax Levy

**Town of Archer Lodge, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 1 131 504	\$ 1 131 354	\$ 150
2021-2022	597	-	474	123
2020-2021	288	-	141	147
2019-2020	294	-	145	149
2018-2019	7	-	-	7
2017-2018	8	8	8	8
2016-2017	10	-	-	10
2015-2016	8	-	-	8
2014-2015	-	-	-	-
2013-2014	16	-	16	-
	<u>\$ 1 228</u>	<u>\$ 1 131 512</u>	<u>\$ 1 132 138</u>	<u>\$ 602</u>
		Ad valorem taxes receivable - net		<u>\$ 602</u>

Reconciliation with revenues:

Ad valorem taxes – General Fund	\$ 1 134 465
Reconciling items:	
Interest collected	(3 111)
Taxes written off	784
Subtotal	<u>(2 327)</u>
Total collections and credits	<u>\$ 1 132 138</u>

Town of Archer Lodge, North Carolina
Analysis of Current Tax Levy
Town – Wide Levy
For the Fiscal Year Ended June 30, 2023

	<u>Town-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current rate	\$ 415 761 752	0.27	\$ 1 122 557	\$ 972 850	\$ 149 707
Penalties	-		-	-	-
Total	<u>415 761 752</u>		<u>1 122 557</u>	<u>972 850</u>	<u>149 707</u>
Discoveries:					
Current year taxes	<u>3 785 926</u>	0.27	<u>10 222</u>	<u>10 222</u>	<u>-</u>
Releases	<u>(472 222)</u>	0.27	<u>(1 275)</u>	<u>(1 275)</u>	<u>-</u>
Total property valuation	<u>\$ 419 075 456</u>				
Net levy			1 131 504	981 797	149 707
Uncollected taxes at June 30, 2023			<u>(150)</u>	<u>(150)</u>	<u>-</u>
Current year's taxes collected			\$ <u>1 131 354</u>	\$ <u>981 647</u>	\$ <u>149 707</u>
Current levy collection percentage			<u>99.99%</u>	<u>99.98%</u>	<u>100.00%</u>

COMPLIANCE SECTION

May & Place, PA

CERTIFIED PUBLIC ACCOUNTANTS

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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 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, 2023, 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 January 15, 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 of 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
January 15 , 2024

May & Place, PA

CERTIFIED PUBLIC ACCOUNTANTS

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

Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major Federal Program

We have audited the Town of Archer Lodge, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Archer Lodge's major State programs for the year ended June 30, 2023. The Town of Archer Lodge's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Archer Lodge complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United State; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Auditor of Compliance 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 relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Archer Lodge's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Archer's State programs..

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Archer Lodge's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for the resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Archer Lodge's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Town of Archer Lodge's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- obtain an understanding the Town of Archer Lodge's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Archer Lodge's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or

detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was designed to identify all deficiencies in internal control over compliance that might be material weaknesses for significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

May and Place, PA

May & Place, PA
Louisburg, North Carolina
January 15 , 2024

Town of Archer Lodge
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) yes X no

Noncompliance material to financial statements noted? yes X no

State Awards

Internal control over major State programs:

- Material weakness(es) identified yes X no
- Significant Deficiency(s) yes X no

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes X no

Identification of major State programs:

Program Name
North Carolina of Natural & Cultural
Resources - Parks & Recreation Trust Fund
(PARTF)
Contract # 2020-904

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 500,000

Auditee qualified as low-risk auditee? _____ yes X no

Town of Archer Lodge
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Cost

None reported.

Section IV – State Award Findings and Questioned Cost

None reported.

Town of Archer Lodge
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

No reportable matters in the prior year.

**Town of Archer Lodge
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u> 1(a)	<u>Federal CFDA Number</u> 1 (b)	<u>State Pass- through Grantor's Number</u>	<u>Fed.(Direct & Pass through) Number</u> 1 (c) (d), 2	<u>State Expenditures</u> 1 (d)	<u>Local Expenditures</u> 1 (d)
Federal Grants:					
Cash Assistance:					
<u>U.S. Dept of Treasury</u>					
<u>Passed-through the N.C. Pandemic Recovery Office</u>					
State and Local Fiscal Recovery Funds	21.027	NC0012	\$ 340,928	\$ -	\$ 449,317
			<hr/>	<hr/>	<hr/>
Total assistance-Federal Programs			\$ <u>340,928</u>	\$ <u>-</u>	\$ <u>449,317</u>

**Town of Archer Lodge
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u> 1(a)	<u>Federal CFDA Number</u> 1 (b)	<u>State Pass- through Grantor's Number</u>	<u>Fed.(Direct & Pass through) Number</u> 1 (c) (d), 2	<u>State Expenditures</u> 1 (d)	<u>Local Expenditures</u> 1 (d)
State Grants:					
Cash Assistance:					
N.C. Department of Natural & Cultural Resources					
Parks & Recreation Trust Fund Grant		PARTF# 2020-904	\$ -	\$ 354,934	\$ 69,834
N.C. Office of State Budget and Management (OSBM)					
Directed grant through the State Capital Infrastructure Fund (SCIF)		Contract #10481	\$ -	\$ 267,819	-
Total State Assistance			<u>-</u>	<u>622,753</u>	<u>69,834</u>
Total Assistance			<u>\$ 340,928</u>	<u>\$ 622,753</u>	<u>\$ 519,151</u>

Town of Archer Lodge
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2023

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Archer Lodge under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with Title 2 US code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations for the Town of Archer Lodge, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Archer Lodge.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3: Indirect Cost Rate

The Town of Archer Lodge has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.