

Town of Pine Level, North Carolina

Audited Financial Statements

**For the Year Ended
June 30, 2024**

Town of Pine Level, North Carolina

Audited Financial Statements

For the Year Ended June 30, 2024

Jeff Holt, Mayor

Board of Town Commissioners

Bill Radford

Jimmy Garner

Phil Pittman

Greg Baker

Ashley Willoughby, Interim Town Clerk

Town of Pine Level, North Carolina
Table of Contents
June 30, 2024

I. Financial Section	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
 II. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to Financial Statements.....	22
 III. Required Supplemental Financial Data:	
Schedule of the Proportionate Share of the Net Position Asset - Local Government Employees' Retirement System	48
Schedule of Contributions – Local Government Employees' Retirement System	49
Schedule of Changes in Total Pension Liability.....	50
Schedule of Total Pension Liability as a Percentage of Covered Payroll.....	51

Town of Pine Level, North Carolina
Table of Contents (continued)
June 30, 2024

IV. Individual Fund Financial Statements	Page
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	52
Schedule of Revenues, Expenditures and Changes in Fund Balance – PT George Endowment Fund.....	55
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) Water and Sewer Fund	56
Schedule of Revenues and Expenditures – From Inception 2017 RDA Water and Sewer Project Fund.....	58
V. Other Schedules	
Schedule of Ad Valorem Taxes Receivable	59
Analysis of Current Year Tax Levy.....	60
VI. Compliance Section	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	61
Report On Compliance Applicable to Each Major State Program and Internal Control Over Compliance Required by the OMB Uniform Guidance.....	63
Schedule of Findings and Questioned Costs	65
Corrective Action Plan	67
Summary of Prior Year Audit Findings.....	68
Schedule of Expenditures of Federal Awards	69

Financial Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Independent Auditor's Report

To the Honorable Mayor and
Board of Town Commissioners
Town of Pine Level, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pine Level, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pine Level, North Carolina as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof the budgetary comparison for the General Fund 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 Pine Level, North Carolina 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Pine Level, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 *Government Auditing Standards* will always detect a 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 *Government Auditing Standards*, we:

- Exercise professional judgment and maintain 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 Pine Level, North Carolina'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 Pine Level, North Carolina'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 Management's Discussion and Analysis on pages 4 through 11, respectively, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 47 and 48 respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 49 and 50 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pine Level’s basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors the combining and individual fund financial statements, budgetary schedules, other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

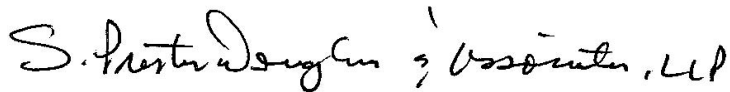
Other Information

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 dated October 29, 2024 on our consideration of the Pine Level’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the 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 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 Town of Pine Level’s internal control over financial reporting and compliance.



Lumberton, North Carolina
October 29, 2024

Management's Discussion and Analysis

Town of Pine Level, North Carolina
Management's Discussion and Analysis
June 30, 2024

Management's Discussion and Analysis

As management of the Town of Pine Level, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Pine Level for the fiscal year ending June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

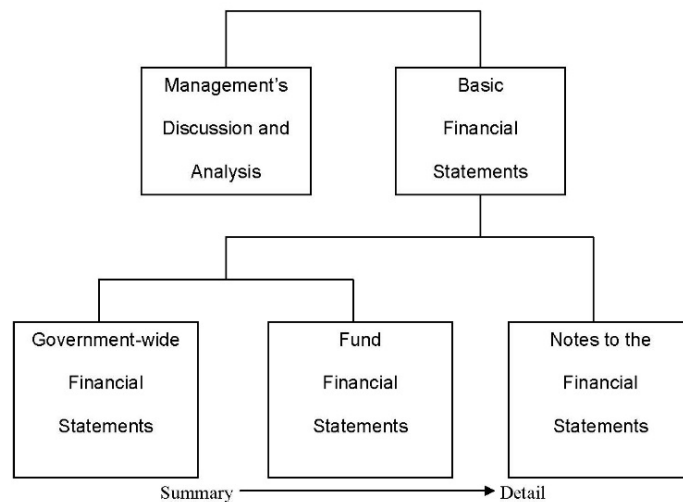
- The assets and deferred outflows of the Town of Pine Level exceeded its liabilities and deferred inflows at the close of the fiscal year by \$6,415,345 (net position).
- The town's total net position increased by \$954,505.
- At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,126,522. Approximately 83.27% of this total amount, or \$1,770,666, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,770,666 or approximately 102.97% of total General Fund expenditures for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Pine Level's basic financial statements. The Town's basic financial statements comprise 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 also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Pine Level.

Required Components of Annual Financial Report

Figure 1



Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Financial Statements

The first two statements 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 are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. **There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.**

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, additional information is provided to show details about the Town's individual funds. Budgetary information required by the N.C. 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, in a manner similar to the 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 and total liabilities and deferred inflows. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, highways/streets, sanitation, economic development, culture and recreation, and debt service. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Pine Level.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements. The fund financial statements 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 Pine Level, like other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories, governmental funds and proprietary funds.

Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Governmental funds. Governmental funds are used to account for essentially the same 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 monies that are unexpended 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 determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental 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 Pine Level adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document.

Governmental funds. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary funds. The Town of Pine Level has one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-46 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 obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, The Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State 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.

Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Government-wide Financial Analysis

The Town of Pine Level's Net Position

	Governmental Activities		Business-type Activities		Totals	Totals
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 2,184,437	\$ 2,204,009	\$ 2,491,539	\$ 1,376,288	\$ 4,675,976	\$ 3,580,297
Capital assets	1,638,042	1,642,661	5,903,091	4,781,840	7,541,133	6,424,501
Total assets	<u>3,822,479</u>	<u>3,846,670</u>	<u>8,394,630</u>	<u>6,158,128</u>	<u>12,217,109</u>	<u>10,004,798</u>
Deferred Outflows of Resources	<u>237,509</u>	<u>266,144</u>	<u>75,636</u>	<u>84,189</u>	<u>313,145</u>	<u>350,333</u>
Current liabilities	77,877	70,125	155,147	181,901	233,024	252,026
Long-term liabilities	1,231,433	1,268,697	2,796,464	2,864,657	4,027,897	4,133,354
Total liabilities	<u>1,309,310</u>	<u>1,338,822</u>	<u>2,951,611</u>	<u>3,046,558</u>	<u>4,260,921</u>	<u>4,385,380</u>
Deferred Inflows of Resources	<u>50,635</u>	<u>37,603</u>	<u>1,803,353</u>	<u>471,308</u>	<u>1,853,988</u>	<u>508,911</u>
Net position						
Net investment in capital assets	904,614	889,063	3,175,159	1,984,132	4,079,773	2,873,195
Restricted	355,856	497,834	55,023	55,023	410,879	552,857
Unrestricted	1,439,573	1,349,492	485,120	685,296	1,924,693	2,034,788
Total net position	<u>\$ 2,700,043</u>	<u>\$ 2,736,389</u>	<u>\$ 3,715,302</u>	<u>\$ 2,724,451</u>	<u>\$ 6,415,345</u>	<u>\$ 5,460,840</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$6,415,345 at the close of the current fiscal year. Included in the Town's net position, 63.59%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted portion of net position, \$410,879, represents the Town's resources that are subject to external restrictions on how they may be used. The remaining balance, \$1,924,693 is unrestricted.

Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Government-wide Financial Analysis (continued)

The Town of Pine Level's Changes in Net Position

	Governmental		Business-type		Totals	Totals
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues						
Charges for services	\$ 454,732	\$ 409,726	\$ 1,256,433	\$ 1,165,279	\$ 1,711,165	\$ 1,575,005
Operating grants and contributions	71,635	756,642	-	-	71,635	756,642
Capital grants and contributions	-	-	850,550	530,315	850,550	530,315
General revenues						
Property taxes	700,234	676,285	-	-	700,234	676,285
Unrestricted revenues	417,900	455,313	-	-	417,900	455,313
Other	48,063	272,432	22,494	34,389	70,557	306,821
Total revenues	1,692,564	2,570,398	2,129,477	1,729,983	3,822,041	4,300,381
Expenses:						
General government	479,852	529,157	-	-	479,852	529,157
Public safety	485,342	438,973	-	-	485,342	438,973
Transportation	313,628	(303,960)	-	-	313,628	(303,960)
Environmental protection	129,063	643,285	-	-	129,063	643,285
Cultural and recreation	293,789	235,163	-	-	293,789	235,163
Interest on long-term debt	27,236	27,267	66,282	55,247	93,518	82,514
Water and sewer	-	-	1,072,344	954,916	1,072,344	954,916
Total expenses	1,728,910	1,569,885	1,138,626	1,010,163	2,867,536	2,580,048
Change in net position	(36,346)	1,000,513	990,851	719,820	954,505	1,720,333
Net position, beginning	2,736,389	1,735,876	2,724,451	2,004,631	5,460,840	3,740,507
Net position, ending	\$ 2,700,043	\$ 2,736,389	\$ 3,715,302	\$ 2,724,451	\$ 6,415,345	\$ 5,460,840

Governmental activities. Governmental activities decreased the Town's net position by \$36,346. The decrease in net position was primarily due to a decrease in revenues compared to the prior year. Ad valorem tax revenues were the largest contributor of revenue at 41.37% of total revenues. Charges for services were the next largest at 26.69%.

Capital and operating grants for governmental activities furnished resources to support the five functions of the Town: general government, public safety, transportation, environmental protection, and cultural and recreation.

Business-type activities. Business-type activities increased the Town's net position by \$990,851. Key elements of this increase are as follows:

- The Town increased capital grants and contributions by \$320,235.
- Charges for services increased by \$91,154.

Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$2,126,522. Of this total amount, \$1,770,666 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that funds are not available for spending because these funds have already been committed 1) to liquidate contracts and purchase orders of the prior year, or 2) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the Town of Pine Level. At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,770,666 with a total fund balance of \$2,103,314. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 102.97% of total General Fund expenditures.

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.

Proprietary Funds. The Town of Pine Level's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$485,120. Other factors concerning this fund have been discussed in the Town's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The Town of Pine Level's investments in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$7,541,133 (net of accumulated depreciation). The investments in capital assets includes land, buildings, improvements, furniture and equipment, infrastructure (including distribution systems), and vehicles.

**Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024**

Capital Assets and Debt Administration (continued)

The Town of Pine Level's Capital Assets

	Governmental		Business-type		Totals 2024	Totals 2023
	Activities		Activities			
	2024	2023	2024	2023		
Land	\$ 67,200	\$ 67,200	\$ 39,115	\$ 39,115	\$ 106,315	\$ 106,315
Construction in progress	-	-	3,253,745	2,555,455	3,253,745	2,555,455
Buildings & infrastructure	1,465,928	1,425,296	-	-	1,465,928	1,425,296
Plant and distribution systems	-	-	5,595,341	5,042,504	6,981,498	5,042,504
Equipment and vehicles	1,386,157	1,292,092	291,666	281,775	788,851	1,573,867
Recreation park and equipment	497,185	497,185	-	-	497,185	497,185
Infrastructure	201,316	201,316	-	-	201,316	201,316
Total depreciable assets	3,550,586	3,415,889	5,887,007	5,324,279	9,934,778	8,740,168
Less - accumulated depreciation	1,979,744	1,840,428	3,276,776	3,145,087	5,256,520	4,985,515
Total depreciable assets, net	1,570,842	1,575,461	2,610,231	2,179,192	4,678,258	3,754,653
Total capital assets, net	\$ 1,638,042	\$ 1,642,661	\$ 5,903,091	\$ 4,773,762	\$ 7,541,133	\$ 6,416,423

Additional information on the Town's capital assets can be found in Note 3, beginning on page 30.

Long-term debt. As of June 30, 2024, the Town of Pine Level had total debt outstanding of \$4,105,923

The Town of Pine Level's Outstanding Debt

	Governmental		Business-type		Totals 2024	Totals 2023
	Activities		Activities			
	2024	2023	2024	2023		
Installment purchase notes	\$ 733,433	\$ 753,598	\$ 22,932	\$ 33,259	\$ 756,365	\$ 786,857
Revenue bonds	-	-	2,705,000	2,764,449	2,705,000	2,764,449
Compensated absences	42,518	38,907	16,543	16,559	59,061	55,466
Pension related debt (LGERS)	298,163	318,221	109,620	115,611	407,783	433,832
Pension related debt (LEO)	177,719	177,719	-	-	177,719	177,719
Total	\$ 1,251,833	\$ 1,288,445	\$ 2,854,095	\$ 2,929,878	\$ 4,105,928	\$ 4,218,323

Town of Pine Level, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Long-term debt (continued)

The Town of Pine Level's total debt decreased by \$112,395 during the fiscal year.

North Carolina's general statutes limit the amount of general obligation debt that a governmental unit can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Pine Level is presently at \$11,635,333 (the amount of additional debt the town could obligate itself to under NC General Statute).

Additional information pertaining to the Town of Pine Level's long-term debt can be found in Note 3, beginning on page 42.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town and surrounding area is 1.9% at June 30, 2025. This comparison is lower than the state and national's rate of 3.8% and 4.1%, respectively.

Request for Information

This financial report is designed to provide a general overview of the Town of Pine Level's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 306 East Brown Street, Pine Level NC 27568.

Basic Financial Statements

Town of Pine Level, North Carolina
Statement of Net Position
June 30, 2024

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 1,887,511	\$ 1,826,791	\$ 3,714,302
Taxes receivable (net)	438	-	438
Due from other governments	164,215	-	164,215
Accounts receivable (net)	33,311	96,251	129,562
Internal balances	(24,089)	24,089	-
Inventories	-	3,641	3,641
Restricted cash and cash equivalents	123,051	69,335	192,386
Total current assets	<u>2,184,437</u>	<u>2,020,107</u>	<u>4,204,544</u>
Non-current assets:			
Lease receivable	-	471,432	471,432
Capital assets (Note 3)			
Land and non-depreciable improvements	67,200	3,292,860	3,360,060
Other capital assets, net of depreciation	1,570,842	2,610,231	4,181,073
Total capital assets	<u>1,638,042</u>	<u>5,903,091</u>	<u>7,541,133</u>
Total assets	<u>3,822,479</u>	<u>8,394,630</u>	<u>12,217,109</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension deferrals	237,509	75,636	313,145
Total deferred outflows of resources	<u>237,509</u>	<u>75,636</u>	<u>313,145</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	57,477	28,181	85,658
Current portion of long-term liabilities	20,400	57,631	78,031
Customer deposits	-	69,335	69,335
Total current liabilities	<u>77,877</u>	<u>155,147</u>	<u>233,024</u>
Long-term liabilities:			
Net pension liability	298,168	109,620	407,788
Total pension liability	177,719	-	177,719
Due in more than one year	713,028	2,670,301	3,383,329
Compensated absences	42,518	16,543	59,061
Total liabilities	<u>1,309,310</u>	<u>2,951,611</u>	<u>4,027,897</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned grant revenue	-	1,350,000	1,350,000
Lease receivable	-	447,854	447,854
Pension deferrals	50,635	5,499	56,134
Total deferred inflows of resources	<u>50,635</u>	<u>1,803,353</u>	<u>1,853,988</u>
<u>NET POSITION</u>			
Net investment in capital assets	904,614	3,175,159	4,079,773
Restricted for:			
Debt service	35,279	55,023	90,302
Streets	99,843	-	99,843
Stabilization by State Statute	197,526	-	197,526
Economic development	23,208	-	23,208
Unrestricted	1,439,573	485,120	1,924,693
Total net position	<u>\$ 2,700,043</u>	<u>\$ 3,715,302</u>	<u>\$ 6,415,345</u>

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

Town of Pine Level, North Carolina
Statement of Activities
For the Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government							
Governmental activities:							
General government	\$ 479,852	\$ -	\$ -	\$ -	\$ (479,852)	\$ -	\$ (479,852)
Public safety	485,342	-	-	-	(485,342)	-	(485,342)
Transportation	313,628	-	-	71,635	(241,993)	-	(241,993)
Environmental protection	129,063	323,632	-	-	194,569	-	194,569
Cultural and recreation	293,789	131,100	-	-	(162,689)	-	(162,689)
Interest on long-term debt	27,236	-	-	-	(27,236)	-	(27,236)
Total governmental activities	<u>1,728,910</u>	<u>454,732</u>	<u>-</u>	<u>71,635</u>	<u>(1,202,543)</u>	<u>-</u>	<u>(1,202,543)</u>
Business-type activities:							
Water and sewer	1,138,626	1,256,433	850,550	-	-	968,357	968,357
Total business-type activities	<u>1,138,626</u>	<u>1,256,433</u>	<u>850,550</u>	<u>-</u>	<u>-</u>	<u>968,357</u>	<u>968,357</u>
Total primary government	<u>\$ 2,867,536</u>	<u>\$ 1,711,165</u>	<u>\$ 850,550</u>	<u>\$ 71,635</u>	<u>(1,202,543)</u>	<u>968,357</u>	<u>(234,186)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					700,234	-	700,234
Local option sales tax					304,886	-	304,886
Other taxes					113,014	-	113,014
Investment earnings					6,365	647	7,012
Miscellaneous					41,698	21,847	63,545
Total general revenues					<u>1,166,197</u>	<u>22,494</u>	<u>1,188,691</u>
Change in net position					<u>(36,346)</u>	<u>990,851</u>	<u>954,505</u>
Net position, beginning					<u>2,736,389</u>	<u>2,724,451</u>	<u>5,460,840</u>
Net position, ending					<u>\$ 2,700,043</u>	<u>\$ 3,715,302</u>	<u>\$ 6,415,345</u>

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

Town of Pine Level, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

	<u>Major Funds</u>	<u>Non-Major fund</u>	<u>Total</u>
	<u>General</u>	<u>PT George</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Endowment</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,887,511	\$ -	\$ 1,887,511
Restricted cash	99,843	23,208	123,051
Property taxes receivable - net	438	-	438
Due from other governments	164,215	-	164,215
Accounts receivable - net	33,311	-	33,311
Total assets	<u>2,185,318</u>	<u>23,208</u>	<u>2,208,526</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	57,477	-	57,477
Due to other fund	24,089	-	24,089
Total liabilities	<u>81,566</u>	<u>-</u>	<u>81,566</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes receivable	438	-	438
Total deferred inflows of resources	<u>438</u>	<u>-</u>	<u>438</u>
<u>FUND BALANCES</u>			
Restricted:			
Stabilization by State Statute	197,526	-	197,526
Streets	99,843	-	99,843
Debt service	35,279	-	35,279
Economic development	-	23,208	23,208
Unassigned	1,770,666	-	1,770,666
Total fund balances	<u>2,103,314</u>	<u>23,208</u>	<u>2,126,522</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,185,318</u>	<u>\$ 23,208</u>	

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

Town of Pine Level, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position		
Total Fund Balance, Governmental Funds		\$ 2,126,522
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$ 3,617,786	
Accumulated depreciation	<u>(1,979,744)</u>	1,638,042
Deferred outflows of resources related to pensions are not reported in the funds		
		237,509
Earned revenues considered deferred inflows of resources in fund statements		
		438
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt, beginning	(753,598)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	20,170	
Net pension liability	(298,168)	
Compensated absences	(42,518)	
Total pension liability	<u>(177,719)</u>	(1,251,833)
Deferred inflows of resources related to pensions are not reported in the funds		
		<u>(50,635)</u>
Net position of governmental activities		<u><u>\$ 2,700,043</u></u>

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

Town of Pine Level, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	<u>Major Funds</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>PT George Endowment Fund</u>	
Revenues:			
Ad valorem taxes	\$ 700,698	\$ -	\$ 700,698
Unrestricted intergovernmental	417,900	-	417,900
Restricted intergovernmental	71,635	-	71,635
Permits and fees	20,073	-	20,073
Sales and services	434,659	-	434,659
Investment earnings	1,288	5,077	6,365
Miscellaneous	41,698	-	41,698
Total revenues	<u>1,687,951</u>	<u>5,077</u>	<u>1,693,028</u>
Expenditures:			
General government	482,725	-	482,725
Transportation	292,165	-	292,165
Environmental protection	154,600	-	154,600
Public safety	450,070	-	450,070
Cultural and recreation	292,271	-	292,271
Debt Service:			
Principal	20,470	-	20,470
Interest	27,236	-	27,236
Total expenditures	<u>1,719,537</u>	<u>-</u>	<u>1,719,537</u>
Revenues over (under) expenditures	<u>(31,586)</u>	<u>5,077</u>	<u>(26,509)</u>
Net change in fund balances	(31,586)	5,077	(26,509)
Fund balance - beginning of year	<u>2,134,900</u>	<u>18,131</u>	<u>2,153,031</u>
Fund balance - end of year	<u>\$ 2,103,314</u>	<u>\$ 23,208</u>	<u>\$ 2,126,522</u>

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

Town of Pine Level, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds	\$	(26,509)
--	----	----------

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	\$	134,697	
Depreciation expense for governmental assets		(139,316)	(4,619)

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		66,498
--	--	--------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue for tax revenues		(464)
---	--	-------

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 an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	20,470	20,470
--------------------------------------	--------	--------

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	(3,611)	
Pension expense	(88,111)	
Total pension expense (LEO)	-	(91,722)

Total change in net position of governmental activities	\$	(36,346)
--	-----------	-----------------

Town of Pine Level, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 634,500	\$ 700,697	\$ 700,698	\$ 1
Unrestricted intergovernmental	358,500	452,640	417,900	(34,740)
Restricted intergovernmental	47,970	75,510	71,635	(3,875)
Permits and fees	4,300	20,073	20,073	-
Sales and services	342,840	434,659	434,659	-
Investment earnings	500	1,288	1,288	-
Miscellaneous	-	37,820	41,698	3,878
Total revenues	1,388,610	1,722,687	1,687,951	(34,736)
Expenditures:				
Current:				
General government	463,217	482,730	482,725	5
Streets	341,427	292,165	292,165	-
Environmental protection	83,510	154,609	154,600	9
Public safety	289,354	450,081	450,070	11
Cultural and recreation	160,655	292,280	292,271	9
Debt service:				
Principal	31,437	20,470	20,470	-
Interest	-	27,236	27,236	-
Total expenditures	1,369,600	1,719,571	1,719,537	34
Revenues under expenditures	19,010	3,116	(31,586)	(34,702)
Fund balance appropriated	(19,010)	(3,114)	-	(3,114)
Net change in fund balances	\$ -	\$ 2	(31,586)	\$ 31,588
Fund balance, beginning			2,134,900	
Fund balance, ending			\$ 2,103,314	

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

Town of Pine Level, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund
	Water and Sewer Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 1,826,791
Accounts receivable - net	96,251
Due from other funds	48,402
Inventories	3,641
Restricted cash and cash equivalents	69,335
Total current assets	2,044,420
Non-current assets:	
Lease receivable	471,432
Capital assets:	
Land and construction in progress	3,292,860
Other capital assets, net of depreciation	2,610,231
Total capital assets	5,903,091
Total assets	8,418,943
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension deferrals	75,636
Total deferred outflows of resources	75,636
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued expenses	28,181
Due to other funds	24,313
Revenue bond payable- current	56,465
Installment purchase contract-current	1,166
Customer deposits	69,335
Total current liabilities	179,460
Noncurrent liabilities:	
Net pension liability	109,620
Revenue bond payable - noncurrent	2,648,535
Installment purchase payable - noncurrent	21,766
Compensated absences	16,543
Total noncurrent liabilities	2,796,464
Total liabilities	2,975,924
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned grant revenue	1,350,000
Lease receivable	447,854
Pension inflows	5,499
Total deferred inflows of resources	1,803,353
<u>NET POSITION</u>	
Net investment in capital assets	3,175,159
Restricted for debt service	55,023
Unrestricted	485,120
Total net position	\$ 3,715,302

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

Town of Pine Level, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Enterprise Fund
	Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 1,256,028
Other operating revenues	405
Total operating revenues	1,256,433
Operating expenses:	
Administration	303,728
Other operating expenses	636,927
Depreciation	131,689
Total operating expenses	1,072,344
Operating income	184,089
Non-operating revenues (expenses):	
Lease revenue	21,847
Investment earnings	647
Interest and other charges	(66,282)
Total non-operating revenues (expenses)	(43,788)
Income (loss) before contributions and transfers	140,301
Capital contributions	350,550
Johnston county sewer grant	500,000
Change in net position	990,851
Total net position, beginning	2,724,451
Total net position, ending	\$ 3,715,302

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

Town of Pine Level, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Enterprise Fund Water and Sewer Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,256,433
Cash paid for goods and services	(649,965)
Cash paid to employees	(288,807)
Other	(405)
Net cash provided (used) by operating activities	<u>317,256</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(1,261,018)
Capital contributions	2,200,550
Principal paid on bond maturities and equipment contracts	(69,776)
Interest paid on bond maturities and equipment contracts	(66,282)
Net cash provided (used) by capital and related financing activities	<u>803,474</u>
Cash flows from investing activities	
Lease revenue	21,847
Interest on investments	647
Net cash provided (used) by investing activities	<u>22,494</u>
Net increase (decrease) in cash	1,143,224
Cash and cash equivalents - Beginning of year	<u>752,902</u>
Cash and cash equivalents - End of year	<u>\$ 1,896,126</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ 184,089</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	131,689
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	9,361
(Increase) decrease in lease receivable	20,352
Increase (decrease) in accounts payable and accrued liabilities	(20,639)
Increase (decrease) in customer deposits	1,475
Increase (decrease) in due to other funds	19,093
(Increase) decrease in due from other funds	(12,756)
(Increase) decrease in deferred outflows of resources - pensions	8,553
Increase (decrease) in compensated absences	(16)
Increase (decrease) in net pension liability	(5,990)
Increase (decrease) in deferred inflows of resources - pensions	3,892
Increase (decrease) in deferred inflows of resources - leases	(21,847)
Total adjustments	<u>133,167</u>
Net cash provided (used) by operating activities	<u>\$ 317,256</u>

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

Town of Pine Level, North Carolina
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Pine Level, North Carolina 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 Pine Level is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the financial activity of the Town.

B - Basis of Presentation

Government-wide Statements: The Statement of Net Position and Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program 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 and services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – government and proprietary – are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town has no fiduciary funds to report. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major Governmental fund:

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

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - Basis of Presentation - Fund Accounting (continued)

The Town reports the following non-major Governmental fund:

Special Revenue Fund- Special Revenue Fund accounts for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town maintains one Special Revenue Fund-the PT George Endowment Fund.

Proprietary Funds include the following fund type:

Enterprise Fund - The Enterprise Fund accounts for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Pine Level has one Enterprise Fund, the Water and Sewer Fund.

C - Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the 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.

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

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, 2024 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.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting (continued)

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 Pine Level because the tax is levied by Johnston County and then remitted to and distributed by the State. Most intergovernmental revenue and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenue that is unearned at year-end is recorded as deferred inflows of resources.

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

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

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 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2 a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating, and is measured at fair value. As of June 30, 2024, the Term portfolio has a duration of .15 years. 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.

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.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

Restricted Assets

The unexpended bond proceeds of Water and Sewer Fund serial bonds issued by the Town are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill Funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136.41.4. P.T. George funds are restricted for the beautification of the Town of Pine Level. Unspent grant proceeds of the American Rescue Plan Act grant in the governmental funds is restricted because their use is completely restricted to the purpose for which the grants were originally issued.

Town of Pine Level's Restricted Cash

Governmental Activities:

General Fund		
Powell Bill	\$	99,843
American Rescue Plan Act Fund		
Unearned grant revenue		-
PT George Endowment Fund		23,208
Total Governmental Activities		123,051

Business-type Activities:

Water and Sewer Fund		
Customer deposits		69,336
Total Business-type Activities		69,336

Total restricted cash	\$	192,387
-----------------------	----	---------

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 other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2023. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenue is reported net of such discounts.

Allowance 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.

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.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

Lease Receivable (continued)

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.

Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's Enterprise Funds consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain threshold and an estimated life in excess of two years. Minimum capitalization costs are as follows: land, \$1,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$500; infrastructure, \$2,000; furniture and equipment, \$1,000 computer software and computer equipment \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings	30
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3
Computer software	5
Other improvements	25

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 meet this criterion – pension related deferrals. 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 criteria for this category – property taxes receivable and pension related deferrals.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

Long-Term Obligations (continued)

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related 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 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.

Compensated Absences

The vacation policies of the Town provide for the accumulation of up to thirty days of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned – when material. The Town has assumed a first-in, first-out method of using accumulated compensated time.

Both the Town's sick leave policies provide 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 has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position / Fund Balances

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

In the governmental fund financial statements, fund balance is composed of three 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:

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

Net Position / Fund Balances (continued)

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

Restricted for Debt Service – certain restricted assets in the General Fund and Water and Sewer Funds represent an accumulation of cash required by USDA to have one year’s payment in reserve at all times in case the payment is not made timely.

Restricted for Economic Development- funds are restricted for the beautification of the Pine Level area.

Restricted for Capital Reserves- funds are restricted for the capital project.

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

The Town of Pine Level 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.

Defined Benefit Cost-Sharing Plans

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 Pine Level’s employer contributions are recognized when due and the Town of Pine Level 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A - Significant violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

The Town is not in compliance with N.C. General Statute 159.29, which requires that the minimum fidelity bond for the finance officer be determined by the annually budgeted fund amounts for the fiscal year that the bond covers. As of the date of this report, the finance officer is individually bonded for \$275,000. The Town needs to increase the coverage to \$343,482 to be in compliance with N.C. General Statute 159.29.

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

None

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

C - Excess of Expenditures over Appropriations

None

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A - Assets

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 Deposit 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, and 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 have no policy regarding custodial risk for deposits.

At June 30, 2024, the Town's deposits had a carrying amount of \$3,882,479 and a bank balance of \$3,930,953. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the Town's petty cash fund totaled \$1,000.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A – Assets (continued)

Investments

F H George Fund has invested with Citigroup 6.3% preferred shares. The securities have a purchased amount of \$26,326 with a current market value of \$21,175. Principal amount is restricted and earnings are disbursed to the local beautification committee as expenditures are presented for reimbursement.

At June 30, 2024, the Town’s investment balances were as follows:

The investment was created by a contribution from the F. H. George Beautification Endowment Fund in the amount of \$23,147 by James P George on June 30, 2014 and is restricted for use for the beautification of the Town of Pine Level.

Investments by Type	Fair Value at 6/30/2024	Maturity	Rating
Citigroup Inc.	\$ 21,175	N/A	N/A
Stifel Bank and Trust	2,034	N/A	N/A
Total	\$ 23,209		

Lease Receivable

The Town leases a cell tower to one cellular company. Lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease terms at a discount rate of 1.75%, which is the stated rate in the agreement.

In the fiscal year 2024, the Town recognized \$21,847 of lease revenue and \$647 of interest revenue under both leases.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024 are net of the following allowance for doubtful accounts:

General Fund:			
Accounts receivable	\$	11,837	
Total General Fund		11,837	
Enterprise Fund:			
Water and Sewer Fund- accounts receivable		31,640	
Total Enterprise Fund		31,640	
Total	\$	43,477	

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning	Increases	Decreases	Ending
	Balances			Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 67,200	\$ -	\$ -	\$ 67,200
Total capital assets not being depreciated	67,200	-	-	67,200
Capital assets being depreciated:				
Buildings and improvements	1,425,296	40,632	-	1,465,928
Equipment and vehicles	1,292,092	94,065	-	1,386,157
Recreation park and equipment	497,185	-	-	497,185
Infrastructure	201,316	-	-	201,316
Total capital assets being depreciated	3,415,889	134,697	-	3,550,586
Less accumulated depreciation for:				
Buildings and improvements	322,981	63,891	-	386,872
Equipment and vehicles	1,037,463	19,084	-	1,056,547
Recreation park and equipment	328,995	19,396	-	348,391
Infrastructure	150,989	36,945	-	187,934
Total accumulated depreciation	\$ 1,840,428	\$ 139,316	\$ -	\$ 1,979,744
Total capital assets being depreciated, net	1,575,461			1,570,842
Governmental activities capital assets, net	\$ 1,642,661			\$ 1,638,042

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

Capital Assets (continued)

General government	\$	49,583
Public safety		31,722
Transportation		20,340
Environmental protection		20,034
Cultural and recreational		17,637
Total depreciation expense	\$	139,316

Business-type activities:	Beginning			Ending
Water and sewer fund	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 39,115	\$ -	\$ -	\$ 39,115
Construction in progress	2,555,455	698,290	-	3,253,745
Total capital assets not being depreciated	2,594,570	698,290	-	3,292,860
Capital assets being depreciated:				
Plant and distribution systems	5,042,504	552,837	-	5,595,341
Furniture and maintenance equipment	170,116	9,891	-	180,007
Vehicles	111,659	-	-	111,659
Total capital assets being depreciated	5,324,279	562,728	-	5,887,007
Less accumulated depreciation for:				
Plant and distribution systems	2,910,321	113,988	-	3,024,309
Furniture and maintenance equipment	151,710	12,734	-	164,444
Vehicles	83,056	4,967	-	88,023
Total accumulated depreciation	\$ 3,145,087	\$ 131,689	\$ -	\$ 3,276,776
Total capital assets being depreciated, net	2,179,192			2,610,231
Water and sewer fund capital assets, net	\$ 4,773,762			\$ 5,903,091

B - Liabilities

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Pine Level 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.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Local Governmental Employees' Retirement System (continued)

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.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Pine Level 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 Pine Level's contractually required contribution rate for the year ended June 30, 2024, was 9.70% of compensation for law enforcement officers and 8.95% 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 Pine Level were \$86,361 for the year ended June 30, 2024.

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

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Local Governmental Employees' Retirement System (continued)

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

At June 30, 2024, the Town reported a liability of \$407,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.00616%, which was a decrease of 0.00153% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$114,431. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,439	\$ 978
Changes of assumptions	17,328	-
Net difference between projected and actual earnings on pension plan investment	109,141	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,336	22,931
Town contributions subsequent to the measurement date	86,361	-
Total	\$ 268,605	\$ 23,909

\$86,361 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2025	\$	58,021
2026		29,549
2027		66,151
2028		4,615
2029		-
Thereafter		-
	\$	158,336

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Local Governmental Employees' Retirement System (continued)

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

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	3.0 percent
Salary increases	3.25 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 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	100.0%	

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Local Governmental Employees' Retirement System (continued)

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 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 liability calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 706,469	\$ 407,788	\$ 161,878

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.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Pine Level administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance’s membership consisted of:

Inactive members receiving benefits	1
Active plan members	5
Total	6

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2021, valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021. Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Law Enforcement Officers Special Separation Allowance (continued)

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

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

At June 30, 2024, the Town reported a total pension liability of \$177,719. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town did not recognize pension expense for the fiscal year.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,643	\$ 7,810
Changes of assumptions	32,897	24,415
Total	\$ 44,540	\$ 32,225

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	6,235
2026	4,166
2027	(1,462)
2028	(2,786)
2029	
Thereafter	-
	\$ 6,153

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Law Enforcement Officers Special Separation Allowance (continued)

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

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 189,621	\$ 177,719	\$ 166,727

	2024
Beginning balance	\$ 177,719
Service cost	-
Interest on the total pension liability	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	-
Benefit payments	-
Ending balance of the total pension liability	\$ 177,719

The plan currently uses mortality tables that vary by age, 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, 2010 through December 31, 2014.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 114,431	\$ -	\$ 114,431
Pension liability	407,788	177,719	585,507
Proportionate share of the net pension liability	0.00616%	n/a	
Deferred of outflows of resources			
Differences between expected and actual experience	45,439	-	45,439
Changes of assumptions	17,328	-	17,328
Net difference between projected and actual earnings on plan investments	153,681	-	153,681
Changes in proportion and differences between contributions and proportionate share of contributions	10,336	-	10,336
Benefit payments and administrative costs paid subsequent to the measurement date	86,361	-	86,361
Deferred of inflows of resources			
Difference between expected and actual experience	978	-	978
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	55,156	-	55,156

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Pension Plan and Postemployment Obligations (continued)

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024, were \$18,459, which consisted of \$18,459 from the Town and \$0 from the law enforcement officers.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 45,439
Changes of assumptions	17,328
Net difference between projected and actual earnings on pension plan investments	160,245
Changes in proportion and differences between Town contributions and proportionate share of contributions	10,336
Town contributions subsequent to the measurement date	86,361
Total	\$ 319,709

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

3. Deferred Outflows and Inflows of Resources (continued)

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

	Statement of Net Position	Governmental Funds Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ 31,380	\$ 438
Lease receivable	416,474	-
Grant revenue unearned	1,350,000	-
Changes in assumptions	-	-
Differences between expected and actual experience	978	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,156	-
Total	<u>\$ 1,853,988</u>	<u>\$ 438</u>

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 three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, 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 Commissioners each year. 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 Commissioners 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.

In accordance with G.S. 159-29, the finance officer and tax collector are individually bonded for \$50,000 and \$10,000, respectively. The remaining employees that have access to cash are covered under a blanket insurance policy. The Town carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry flood insurance for the simple fact none of its buildings are located in a designated flood area.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Long-Term Obligations

Installment Purchase

Governmental activities:

On February 8, 2010 the Town of Pine Level entered into a direct placement installment purchase contract with USDA to finance the refurbishment of the Town Hall for \$725,000 with an interest rate of 3.75%. The property is pledged as collateral for the debt while the debt is outstanding. The balance of the loan at June 30, 2024 is \$592,562.

On June 15, 2022 the Town of Pine Level entered into a direct placement installment purchase contract with USDA to finance a garbage truck for \$196,000 with an interest rate of 4.13% for twenty years. The loan was financed between the General Fund and the Water and Sewer Fund. The balance of the loan portion for the General Fund at June 30, 2024 is \$140,866.

The future payments of these installment purchases for the year ending June 30, 2024 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2025	20,400	25,567
2026	21,064	24,903
2027	21,750	24,216
2028	22,452	23,514
2029	22,194	22,772
2030-2034	127,876	101,955
2036-2039	150,365	49,466
2040-2044	132,673	54,398
2045-2049	136,665	29,443
2050-2052	77,989	6,689
Total	\$ 733,428	\$ 362,923

Business activities:

In 2019, the Town of Pine Level entered into a direct placement installment purchase in the amount of \$117,418 in the Water and Sewer Fund with Johnston County for water main line purchase of \$9,032 due on October 1st each year. Payments are due October 1 (interest only) at 2.66% with principal and interest payments due on April 1st for seventeen years. The loan was completed at the end of the fiscal years.

On June 15, 2022 the Town of Pine Level entered into a direct placement installment purchase contract with USDA to finance a garbage truck for \$196,000 with an interest rate of 4.13% for twenty years. The loan was financed between the General Fund and Water and Sewer Fund. The balance of the loan portion for the Water and Sewer Fund at June 30, 2024 is \$22,932.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Long-Term Obligations (continued)

Installment Purchase (continued)

The future payments of these installment purchases for the year ending June 30, 2024 are as follows:

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2025	\$ 1,195	\$ 545
2026	1,166	516
2027	1,224	487
2028	1,253	459
2029	1,281	427
2030-2034	8,557	1,882
2035-2040	8,256	816
Total	\$ 22,932	\$ 5,132

Revenue Bond

Business activities:

In 2019, the Town of Pine Level was issued a revenue bond in the amount of \$998,000 financed through the Water and Sewer Fund for the construction of a water tank. Principal installments are due annually for forty years on June 1st, at an annual interest rate of 3.375%. The balance of the revenue bond as of June 30, 2024 is \$793,000

In 2022, the Town of Pine Level was issued a revenue bond in the amount of \$2,020,000 financed through the Water and Sewer Fund for the 2017 RDA Water and Sewer Project Fund. Principal installments are to begin once the project is complete, at an annual interest rate of 2.750%. The balance of the revenue bond as of June 30, 2024, is \$1,912,000.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Long-Term Obligations (continued)

Revenue Bond (continued)

The future payments of the revenue bond for the year ending June 30, 2024 as follows:

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2025	\$ 56,465	\$ 60,959
2026	57,196	79,553
2027	58,847	58,227
2028	64,557	56,011
2029	92,800	55,826
2030-2034	312,252	217,544
2035-2039	330,453	235,393
2040-2044	366,090	191,882
2045-2049	449,681	142,342
2050-2054	411,156	85,657
2055-2059	307,656	51,499
2060-2063	197,847	11,875
Total	\$ 2,705,000	\$ 1,183,393

The Town was in compliance with the covenants as to rates, fees, rentals and charges in Section 3.04 of the Bond Order, authorizing the issue of the Water and Sewer Revenue Bonds, Series 2011. Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110%.

Operating revenues	\$	2,106,983
Operating expenses*		(1,610,246)
Operating income		496,737
Nonoperating revenues (expenses)**		22,494
Income available for debt service		519,231
Debt service, principal and interest		
paid (revenue bond only)	\$	115,914
Debt service coverage ratio		447.95%

*This does not include the depreciation expense of \$131,689.

** This does not include revenue bond interest paid of \$67,722.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

Changes in Debt

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Direct Placement:					
Installment purchase	\$ 753,598	\$ -	\$ (20,170)	\$ 733,428	\$ 20,400
Compensated absences	38,907	3,611	-	42,518	-
Total Pension Liability (LEO)	177,719	-	-	177,719	-
Net pension liability (LGERS)	318,221	-	(20,058)	298,168	-
Governmental activity long-term liabilities	<u>\$ 1,288,445</u>	<u>\$ 3,611</u>	<u>\$ (40,228)</u>	<u>\$ 1,251,833</u>	<u>\$ 20,400</u>
Business-type activities:					
Direct Placement:					
Installment purchase	\$ 33,259	\$ -	\$ (10,327)	\$ 22,932	\$ 1,166
Revenue bonds	2,764,449	-	(59,449)	2,705,000	56,465
Compensated absences	16,559	-	(16)	16,543	-
Net pension liability (LGERS)	115,611	-	(5,991)	109,620	-
Business-type activity long-term liabilities	<u>\$ 2,929,878</u>	<u>\$ -</u>	<u>\$ (75,783)</u>	<u>\$ 2,854,095</u>	<u>\$ 57,631</u>

C - Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 1,638,042	\$ 5,903,091
less: long-term debt	(733,428)	(2,727,932)
Net investment in capital assets	<u>\$ 904,614</u>	<u>\$ 3,175,159</u>

D - Interfund Balances and Activity

Balance due to/from other funds at June 30, 2024, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer	Governmental Fund	\$ 24,089
Total		<u>\$ 24,089</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Town of Pine Level, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 - 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	\$ 2,103,314
Less:	
Stabilization by State Statute	197,526
Streets - Powell Bill	99,843
Debt service	35,279
Remaining fund balance	\$ 1,770,666

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 29, 2024 which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Pine Level, North Carolina
Town of Pine Level's Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Pine Level's proportion of the net pension liability (asset) (%)	0.00616%	0.00769%	0.00682%	0.00736%	0.00712%	0.00692%	0.00681%	0.00748%	0.00080%	0.00080%
Pine Level's proportion of the net pension liability (asset) (\$)	\$ 407,788	\$ 433,826	\$ 104,591	\$ 263,004	\$ 194,442	\$ 104,038	\$ 104,038	\$ 158,750	\$ 44,251	\$ (48,064)
Pine Level's covered-employee payroll	\$ 661,160	\$ 591,276	\$ 512,712	\$ 528,723	\$ 527,215	\$ 531,559	\$ 509,981	\$ 587,823	\$ 485,836	\$ 481,547
Pine Level's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	61.68%	73.37%	20.40%	49.74%	36.88%	19.57%	19.57%	27.01%	9.11%	-9.98%
Plan fiduciary net position as a percentage of the total pension liability	94.00%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45	96.45

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

** This will be the same percentage all participant employers in the LGERS plan.

Town of Pine Level, North Carolina
Town of Pine Level's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 86,361	\$ 81,971	\$ 68,625	\$ 53,293	\$ 48,658	\$ 42,246	\$ 41,273	\$ 38,407	\$ 39,941	\$ 34,942
Contributions in relation to the contractually required contribution	86,361	81,971	68,625	53,293	48,658	42,246	41,273	38,407	39,941	34,942
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pine Level's covered-employee payroll	\$ 650,406	\$ 661,160	\$ 591,276	\$ 512,712	\$ 528,723	\$ 527,215	\$ 531,559	\$ 509,981	\$ 587,823	\$ 485,836
Contributions as a percentage of covered-employee payroll	13.28%	12.40%	11.61%	10.39%	9.20%	8.01%	7.76%	7.53%	6.79%	7.19%

Town of Pine Level, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 177,719	\$ 195,856	\$ 213,134	\$ 153,121	\$ 141,173	\$ 132,388	\$ 114,409
Service cost	-	8,942	7,096	3,755	4,417	5,210	4,385
Interest on the total pension liability	-	4,266	3,993	4,784	4,954	4,183	4,416
Differences between expected and actual experience in the measurement of the total pension liability	-	6,763	(11,836)	4,864	8,813	3,923	2,342
Changes of assumptions or other inputs	-	(25,574)	(3,997)	59,385	3,888	(4,531)	6,836
Benefit payments	-	(12,534)	(12,534)	(12,775)	(10,124)	-	-
Ending balance of the total pension liability	<u>\$ 177,719</u>	<u>\$ 177,719</u>	<u>\$ 195,856</u>	<u>\$ 213,134</u>	<u>\$ 153,121</u>	<u>\$ 141,173</u>	<u>\$ 132,388</u>

*The amounts presented for each fiscal year were determined as the prior fiscal year ending December 31.

Town of Pine Level, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 177,719	\$ 177,719	\$ 195,856	\$ 213,134	\$ 153,121	\$ 141,173	\$ 132,388
Covered payroll	218,723	218,723	176,074	186,086	213,130	199,000	192,630
Total pension liability as a percentage of covered payroll	81.25%	81.25%	111.24%	114.54%	71.84%	70.94%	68.73%

Notes to the schedules:

Town of Pine Level has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Individual Fund Statements and Schedules

Town of Pine Level, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 698,456	\$
Penalties and interest		2,242	
Total	<u>700,697</u>	<u>700,698</u>	<u>1</u>
Unrestricted intergovernmental:			
Local option sales taxes		304,886	
Telecommunications sales tax		4,026	
Utility sales tax		77,709	
Gas tax		3,584	
Solid waste disposal tax		1,732	
Video franchise fee		5,158	
Beer and wine tax		10,708	
ABC profit distribution		10,097	
Total	<u>452,640</u>	<u>417,900</u>	<u>(34,740)</u>
Restricted intergovernmental:			
Powell Bill allocation		71,635	
Total	<u>75,510</u>	<u>71,635</u>	<u>(3,875)</u>
Permits and fees:			
Zoning permits		20,073	
Total	<u>20,073</u>	<u>20,073</u>	<u>-</u>
Sales and services:			
Garbage fees		303,559	
Recreation department fees		131,100	-
Total	<u>434,659</u>	<u>434,659</u>	<u>-</u>
Investment earnings:			
	<u>1,288</u>	<u>1,288</u>	<u>-</u>
Miscellaneous:			
SRO reimbursement		37,684	
Insurance reimbursement		115	
Miscellaneous		3,899	
Total	<u>37,820</u>	<u>41,698</u>	<u>3,878</u>
Total revenues	<u>\$ 1,722,687</u>	<u>\$ 1,687,951</u>	<u>\$ (34,736)</u>

Town of Pine Level, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (continued)
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	\$	\$ 102,641	\$
Other operating expenditures		325,102	
Capital outlay		54,982	
Total	<u>482,730</u>	<u>482,725</u>	<u>5</u>
Total general government	<u>482,730</u>	<u>482,725</u>	<u>5</u>
Transportation:			
Salaries and employee benefits		89,742	
Other operating expenditures		202,423	
Capital outlay		-	
Total transportation	<u>292,165</u>	<u>292,165</u>	<u>-</u>
Environmental:			
Salaries and employee benefits		39,863	
Other operating expenditures		65,237	
Capital outlay		49,500	
Total environmental	<u>154,609</u>	<u>154,600</u>	<u>9</u>
Public safety:			
Police:			
Salaries and employee benefits		397,720	
Other operating expenditures		40,500	
Capital outlay		11,850	
Total	<u>450,081</u>	<u>450,070</u>	<u>11</u>
Total public safety	<u>\$ 450,081</u>	<u>\$ 450,070</u>	<u>\$ 11</u>

Town of Pine Level, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (continued)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Culture and Recreation:			
Parks and recreation:			
Salaries and employee benefits	\$	\$ 71,023	\$
Other operating expenditures		202,883	
Capital outlay		18,365	
Total culture and recreation	292,280	292,271	9
Debt service			
Principal retirement		20,470	
Interest		27,236	
Total debt service	47,708	47,706	2
Total expenditures	1,719,573	1,719,537	36
Revenues over (under) expenditures	3,114	(31,586)	28,472
Fund balance appropriated	(3,114)	-	3,114
			-
Net change in fund balance	\$ -	(31,586)	\$ 31,586
Fund balance, beginning		2,134,900	
Fund balance, ending		\$ 2,103,314	

Town of Pine Level, North Carolina
Nonmajor Governmental Funds - PT George Endowment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	PT George Endowment Fund
Revenues:	
Investment earnings	\$ 5,077
Total revenues	5,077
 Expenses	
Beautification	-
Total other financing sources	-
 Revenues over (under) expenditures	
	5,077
Fund balance, beginning	18,131
Fund balance, ending	\$ 23,208

Town of Pine Level, North Carolina
Enterprise Fund - Water and Sewer Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenue:			
Water sales	\$	\$ 523,465	\$
Sewer sales		732,563	
Other operating revenue		405	
Total operating revenues	<u>1,206,792</u>	<u>1,256,433</u>	<u>49,641</u>
Nonoperating revenues			
Lease revenue		21,847	
Interest earnings		587	
Johnston county sewer grant		500,000	
Total nonoperating revenues	<u>500,505</u>	<u>522,434</u>	<u>21,929</u>
Total revenues	<u>1,707,297</u>	<u>1,778,867</u>	<u>71,570</u>
Expenditures:			
Water and sewer operations:			
Salaries and employee benefits		297,288	
Contracted services		370,452	
Repairs and maintenance		97,026	
Other operating expenditures		169,449	
Capital outlay		562,729	
Total water and sewer administration	<u>1,579,184</u>	<u>1,496,944</u>	<u>82,240</u>
Debt Service			
Principal repayment		69,776	
Interest		66,282	
Total debt service	<u>136,060</u>	<u>136,058</u>	<u>2</u>
Total expenditures	<u>1,715,244</u>	<u>1,633,002</u>	<u>82,242</u>
Revenues over (under) expenditures	(7,947)	145,865	153,812
Other financing sources (uses):			
Transfers from project fund	-	107,331	107,331
Total financing sources (uses)	<u>-</u>	<u>107,331</u>	<u>107,331</u>
Appropriated fund balance	<u>7,947</u>	<u>-</u>	<u>(7,947)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 253,196</u>	<u>\$ 253,196</u>

Town of Pine Level, North Carolina
Enterprise Fund- Water and Sewer Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (continued)
For the Year Ended June 30, 2024

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues over (under) expenditures	\$ 253,196
Reconciling items:	
Principal retirement	69,776
Interest income	60
Capital outlay	562,729
Capital contributions	350,550
Transfers	(107,331)
Decrease in deferred outflows of resources - pensions	(8,553)
Decrease in net pension liability	5,990
Increase in deferred inflows of resources - pensions	(3,893)
Decrease in compensated absences	16
Depreciation	<u>(131,689)</u>
Total reconciling items	<u>737,655</u>
 Change in net position	 <u><u>\$ 990,851</u></u>

Town of Pine Level, North Carolina
Capital Projects Fund
2017 RDA Water and Sewer Project
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grant proceeds - USDA	\$ 669,000	\$ 639,000	\$ -	\$ 639,000	\$ (30,000)
Interest income	-	3,771	15	3,786	3,786
Total revenues	<u>669,000</u>	<u>642,771</u>	<u>15</u>	<u>642,786</u>	<u>(26,214)</u>
Expenditures:					
Construction	2,124,000	2,222,323	-	2,222,323	(98,323)
Engineering	314,500	305,000	-	305,000	9,500
Legal fees	25,000	12,137	-	12,137	12,863
Administration	2,000	60	-	60	1,940
Permit fees	1,300	15,935	-	15,935	(14,635)
Additional services	14,500	-	-	-	14,500
Equipment	3,000	-	-	-	3,000
Contingency	209,200	-	-	-	209,200
Total expenditures	<u>2,693,500</u>	<u>2,555,455</u>	<u>-</u>	<u>2,555,455</u>	<u>138,045</u>
Revenues over (under) expenditures	<u>(2,024,500)</u>	<u>(1,912,684)</u>	<u>15</u>	<u>(1,912,669)</u>	<u>111,831</u>
Other financing sources:					
Loan proceeds	2,020,000	2,020,000	-	2,020,000	-
Transfer to Water and Sewer Fund	(50,500)	-	(107,331)	(107,331)	(56,831)
Fund balance appropriated	55,000	-	-	-	(55,000)
Total other financing sources (uses)	<u>2,024,500</u>	<u>2,020,000</u>	<u>(107,331)</u>	<u>1,912,669</u>	<u>(111,831)</u>
Revenues and other financing sources over (under) expenditures and other (uses)	<u>\$ -</u>	<u>\$ 107,316</u>	<u>(107,316)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>107,316</u>		
Fund balance, ending			<u>\$ -</u>		

Other Schedules

Town of Pine Level, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2024</u>
2023-2024	\$ -	\$ 698,120	\$ 697,983	\$ 137
2022-2023	65	-	12	53
2021-2022	87	-	24	63
2020-2021	44	-	-	44
2019-2020	-	-	-	-
2018-2019	-	-	-	-
2017-2018	10	-	-	10
2016-2017	133	-	-	131
2015-2014	-	-	-	-
	<u>\$ 339</u>	<u>\$ 698,120</u>	<u>\$ 698,019</u>	<u>438</u>

Less: allowance for uncollectible accounts - General Fund -

Ad valorem taxes receivable - net \$ 438

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 700,698
Penalties collected on ad valorem taxes	(2,242)
Reconciling items:	
Taxes written off	<u>(438)</u>
Total collections and credits	<u>\$ 698,018</u>

Town of Pine Level, North Carolina
Analysis of Current Year Tax Levy
For the Year Ended June 30, 2024

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 145,441,667	0.48	\$ 698,120	\$ 601,965	\$ 96,155
Releases			-	-	-
Net levy			698,120	601,965	96,155
Less - uncollected taxes at June 30, 2024			137	137	-
Current year's taxes collected			<u>\$ 697,983</u>	<u>\$ 601,828</u>	<u>\$ 96,155</u>
Current levy collection percentage			<u>99.98%</u>	<u>99.98%</u>	<u>100.00%</u>

Compliance Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

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*

To the Honorable Mayor and
Board of Town Commissioners
Town of Pine Level, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pine Level, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Town of Pine Level's basic financial statements and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pine Level's internal control over financial reporting to determine 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 Pine Level'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 is a 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. We did not identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

Our consideration of internal control was for the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses (2024-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Pine Level'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which is described in the schedule of findings and responses as items (2024-001).

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.

S. Preston Douglas & Associates, LLP

Lumberton, North Carolina
October 29, 2024

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
Pine Level, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Pine Level, 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 Pine Level's major State programs for the year ended June 30, 2024. The Town of Pine Level'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 Pine Level 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, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Audit of Compliance section of our report.

We are required to be independent of Town of Pine Level and to meet our other ethical responsibilities, in accordance with relevant ethical requirements 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 State program. Our audit does not provide a legal determination of the Town of Pine Level'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 Town of Pine Level State programs.

Auditor's Responsibilities for the Audit of Compliance

Pine Level's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

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 that 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 Town of Pine Level's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and 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 Town of Pine Level's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Pine Level'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 Town of Pine Level'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.

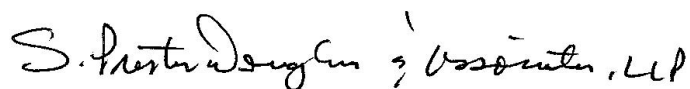
Report on Internal Control Over Compliance

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 State 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 not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or 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.



Lumberton, North Carolina
October 29, 2024

Town of Pine Level, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2024

Section I. Summary of Auditor's Results
--

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ yes <u> X </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses	<u> X </u> yes _____ none reported
• Noncompliance material to financial statements	<u> X </u> yes _____ no

State Awards

Internal control over major State programs	
• Material weakness(es) identified?	_____ yes <u> X </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses	_____ yes <u> X </u> none reported
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 2 CFR 200.516(a)	_____ yes <u> X </u> no

Identification of major State programs:

Names of State Programs

- Division of Water Infrastructure (NCDEQ)

Dollar threshold used to distinguish between Type A and

Type B programs	\$500,000
-----------------	-----------

Auditee qualified as low-risk auditee?	_____ yes <u> X </u> no
--	---------------------------

Town of Pine Level, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2024

Section II. Financial Statement Findings

Significant Deficiencies/ Material noncompliance

Finding 2023 – 001 Investment of Donated Funds

Criteria: The Town should invest in investments that meet the requirements of NC General Statute 159-33.

Condition: The Town invested donated funds into an investment that is not allowed by NC General Statute 159-33. This investment was at the request of the donor.

Effect: The Town violated NC General Statute 159-33.

Cause: The Town management is aware of the General Statute limiting the type of investments for donated or idle funds, but they want to uphold the request of the donor.

Repeat finding: This is a repeat finding.

Recommendation: The Town should consider all investment options as allowed by NC General Statute 159-33. General Statute 159-33 establishes a nine-month timeframe within which the securities must be sold.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and will adhere to the corrective action plan on page 65 of this report.

Mayor
Jeff Holt

Mayor Pro-Tem
Greg Baker

Board of Commissioners
Jimmy Garner
Phil Pittman
Bill Radford

Interim Town Administrator
Sharon Evans



Interim Town Clerk
Ashley Willoughby

Police Chief
Ashley Woodard

Public Works Supt.
Ray Stuckey

Rec. Coordinator
Scottie Hayes

**Town of Pine Level, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2024**

SIGNIFICANT DEFICIENCY/MATERIAL NONCOMPLIANCE

Finding: 2024-001

Investment of Donated Funds

Name of contact person:

Ashley Willoughby, Interim Town Clerk

Corrective Action:

The Town will consider all investment options as allowed by NC General Statute 15-30.

Proposed Completion Date:

The board will implement the above procedure immediately.

Town of Pine Level, North Carolina
Schedule of Prior Year Findings
For the Year Ended June 30, 2023

Finding:	2023-1
Status:	This finding has been corrected.
Finding:	2023-2
Status:	This finding has not been corrected.
Finding:	2023-3
Status:	This finding has been corrected.
Finding:	2022-1
Status:	This finding has not been corrected.
Finding:	2022-2
Status:	This finding has not been corrected.
Finding:	2021-1
Status:	This finding has not been corrected.
Finding:	2021-2
Status:	This finding has not been corrected.
Finding:	2020-1
Status:	This finding has not been corrected.
Finding:	2020-2
Status:	This finding has not been corrected.
Finding:	2019-1
Status:	This finding has been corrected.

Town of Pine Level, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2024

Grantor/Pass-through Grant/Program Title	Federal CFDA Number	Award Number/State Pass-through Grantor's Number	Federal (Direct Pass- through) Expenditures	State Expenditures
State Grants:				
Direct Programs:				
<u>NC Department of Environmental Quality</u>				
Division of Water Infrastructure		SRP-SW-ARP-0190		318,449
Division of Water Infrastructure		SRP-SW-ARP-0044		379,791
<u>NC Department of Transportation</u>				
Powell Bill			-	18,173
<u>Total assistance</u>			<u>\$ -</u>	<u>\$ 716,413</u>

Notes to the Schedule of Expenditures of Federal and State 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 Pine Level under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of 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 of the Town of Pine Level, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Pine Level.

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 as to reimbursement.

Note 3: Indirect Cost Rate

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