

Town of Atlantic Beach, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

<u>Exhibit</u>		<u>Page</u>
	Introductory Section	
	Letter of Transmittal	iii-vii
	List of Principal Officers	viii
	Town Organizational Chart	ix
	Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association	x
	Financial Section:	
	Independent Auditor's Report	3
	Management's Discussion and Analysis	9
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	17
2	Statement of Activities	18
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	19
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	21
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	22
6	Statement of Fund Net Position - Proprietary Fund - Public Utilities Fund	23
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund - Public Utilities Fund	24
8	Statement of Cash Flows - Proprietary Fund - Public Utilities Fund	25
	Notes to the Financial Statements	28

<u>Exhibit</u>		<u>Page</u>
Required Supplemental Financial Data:		
A-1	Schedule of Proportionate Share of Net Pension Liability - Local Government Employees' Retirement System	48
A-2	Schedule of Contributions - Local Government Employees' Retirement System	49
A-3	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	50
A-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll	51
A-5	Schedule of Changes in the Total OPEB Liability and Related Ratios	52
Individual Fund Statements and Schedules:		
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	54
C-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Post Florence Renourishment	62
C-2	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	63
D-1	Schedule of Revenues and Expenditures - Budget and Actual, Non-GAAP - Public Utilities Fund	65
Other Schedules:		
E-1	Schedule of Ad Valorem Taxes Receivable	69
E-2	Analysis of Current Tax Levy - Town-Wide Levy	70
Table No. Statistical Section (unaudited):		
1	Net Position by Activity Governmental and Business Type Functions	71
2	Change in Net Position - Governmental Activities	72
2.1	Change in Net Position - Business Type Activities	73
2.2	Change in Net Position - Total Primary Government	74
3	Fund Balances of Government Funds	75
4	Changes in Fund Balances of Government Funds	76

		Page
5	Assessed and Estimated Actual Value of Taxable Property	77
6	Direct and Overlapping Property Tax Rates	78
7	Principal Property Tax Payers	79
8	Property Tax Levies - Collections and Credits	80
9	Computation of Legal Debt Margin	81
10	Computation of Direct and Overlapping Debt	82
11	Ratios of General Bonded Debt Outstanding	83
12	Ratios of Outstanding Debt by Type	84
13	Demographic and Economic Information	85
14	Principal Employers	86
15	Function/Program	87
16	Operating Indicators by Function/Program	88
17	Capital Asset Statistics by Function/Program	89

Compliance Section

Report on Internal Control Over Financial Reporting and on Compliance an Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	91
Schedule of Findings and Responses	93



This Page Intentionally Left Blank

Introductory Section

- Letter of Transmittal
- List of Principal Officials
- Organizational Chart
- Certificate of Excellence



This Page Intentionally Left Blank

P. O. Box 10
125 West Fort Macon Road
Atlantic Beach, NC 28512



OFFICE OF THE TOWN MANAGER
Phone: (252) 726-2121
Fax: (252) 726-5115
E-mail: townmanager@atlanticbeach-nc.com

October 31, 2020

The Honorable Mayor and Members of the Town Council
Town of Atlantic Beach
Atlantic Beach, North Carolina

The Comprehensive Annual Financial Report (CAFR) for the Town of Atlantic Beach, North Carolina, for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures within this report rests with the management of the **Town of Atlantic Beach**. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of **Thompson, Price, Scott, Adams & Co., P.A.** and their unmodified opinion is included in the financial section of the Comprehensive Annual Financial Report.

The Town of Atlantic Beach provides a full range of services to its citizens. The General Fund services include police, fire, emergency management, planning, code enforcement, construction and maintenance of the streets and various other services associated with the administration of the Town. The Enterprise Fund services include water administration and distribution. As a result, there are no exclusions described herein and all the Town's operations are included within this report.

As demonstrated by the statements and schedules included in the financial section of the report, the Town continues to meet its responsibility for sound financial management.

Immediately following the Independent Auditor's report is Management's Discussion and Analysis (MD&A), which provides a narrative overview of the Town's financial performance for fiscal year ended June 30, 2020. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Description of the Town of Atlantic Beach

The Town of Atlantic Beach was incorporated on March 17, 1937. The Town of Atlantic Beach currently has a population of 1,495 and encompasses 2.3 square miles. Atlantic Beach is located on a barrier island in Carteret County on the eastern end of Bogue Banks. The Atlantic Ocean is to the south while the Bogue Sound lies to the north of the island. Atlantic Beach prides itself on being a seasonal residential resort community. Atlantic Beach is a thriving coastal community that is a major tourist destination along the coast of North Carolina. The Town of Atlantic Beach has a strong commitment to preserving its environment and protecting the ocean dunes and maritime forest. The Town's developmental priorities and goals of environmental and resource protection clearly states its strong desire to encourage and promote tourism.

The Town of Atlantic Beach operates under the Council-Manager form of Government. The structure of Council-Manager is similar to that of any large business. The registered voters of the Town elect the Town Council, and the Council then chooses a full-time, non-partisan Manager whose duties compare to those of a business corporation General Manager. The Town Council is comprised of the Mayor and five Council Members.

The Town Council adopts an annual budget, town ordinances, and resolutions. The Town Council is also responsible for determining the Town policies and the level of service in which the Town will provide to the residents. As part of the budget process the Town Council determines the Town's tax rate. The Town Council approves all agreements and contracts. The Town Council appoints citizens to various Boards and Committees and represents the Town as an overall leadership entity. The Town provides the following services to its citizens: law enforcement, emergency management, planning and inspection, fire and EMT, sanitation, street maintenance, parks and recreation, and water. These daily operation functions are supported by an administrative staff, which provides financing, tax billing, collections, purchasing, risk management, data processing and personnel.

In order for these departments to be funded the Town adopts an annual budget which is required by North Carolina General Statutes. Annual appropriated budgets are adopted for the general and enterprise funds. All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting. The Town is organized into the following departments and associated department objectives:

Administrative Services – The departmental objectives are to continue developing the Town's governmental organization to enhance the accomplishment of community objectives, to safeguard the financial capability of the organization, and to implement high quality financial standards and procedures. Additional objectives are to achieve a stable and strong financial position by accurately estimating, prudently allocating, and managing financial resources.

Police – The department objective is to continue providing public safety coverage, outstanding public relations, community involvement, and proper response time as the Town grows and develops. The department's staff has demonstrated a continual improvement in response time and has enhanced public safety.

Fire – The department objective is to continue to maintain the Town's fire department as a professional responding department through proper training requirements, certifications, and the retention of quality professionals. Each shift is now composed of three paramedics and one licensed EMT. The fire department maintains an ISO rating of three (3) for homeowners insurance.

Public Services – The department objective is to continue to implement short and long range programs and improvements along with the continued development of capital improvement programs to insure adequate response and performance relative to growth. Additional objectives are to continue developing programs for timely replacement of the water distribution system along with considering and addressing available options for reasonable future sources of water supply.

Planning – The department objective is to continue the review and development of processes and regulations that improve the quality of life for the people living and working within the planning area. This will be accomplished through the identification of solutions; the formulation of community goals, objectives, policies, and projects; to the end that common vision is achieved through an open civic process.

Inspections – The department objective is to enforce the Town's development ordinances and the North Carolina Building Code for the Town of Atlantic Beach and jurisdictional areas.

Economic Condition and Outlook

The information in the financial statements may be best understood when considered in the context of the environment in which the Town operates. Atlantic Beach's economy is driven by the seasonal tourist industry. Atlantic Beach is primarily a residential community with commerce related primarily to tourism and construction.

The industry generates strong retail, construction, and real estate employment. The Town is also located near the historical tourist site of the Fort Macon State Park. The Town is in close proximity of the Cherry Point Marine Corps Air Station, which is a major employer of Carteret County. A large marine science community is a surrounding neighbor of the Town of Atlantic Beach. This includes the C-MAST, NOAA, NC State Fisheries, UNC Institute of Marine Sciences and Duke University Marine Laboratory. The State Port of Morehead City is in close proximity of the Town. The Town is bordered by water on two sides by Bogue Sound and the Atlantic Ocean. The Town of Pine Knoll Shores is its neighbor to the west and the Fort Macon State Park is its neighbor to the east.

All indications are that the Town and the County will experience continued growth. This growth expands our tax base and property taxes, one of our largest revenue sources. The Town closely monitors its resources and has emphasized program efficiencies and other cost containment efforts, allowing strong financial positions to be maintained. We believe that the economic environment in this area, along with the Town's diligent management of the Town's costs and services, will provide ongoing financial stability and fiscal capacity.

Major Initiatives

An ongoing goal of the Council has been to develop programs and pursue projects that upgrade facilities and enhance the quality of life for citizens and visitors through the cooperative efforts of governmental units, the business community, nonprofit organizations, and individual citizens.

The Town continues to work with property developer, FMB at the Grove, LLC, on the redevelopment of the "Circle" area in downtown Atlantic Beach. This project promises to significantly enhance the business, residential and entertainment infrastructure at the core of the Town. This area has great historical significance to the Town and has served as the focal point for Town activities since its founding in 1937. The Town Council has considered many alternatives over the years and believes this public-private partnership will bring the Town the right solution for both year-round residents and seasonal tourists.

FY2015-16 included major initiatives undertaken to improve water access for citizens and visitors with a CAMA Grant assisting in the funding of a bridge abutment project that provided sound-side fishing access to the Intracoastal Waterways with parking for vehicles and boat trailers. This project may be expanded in future years to allow the installation of a floating boat dock for public use.

The Town has completed the planning phase of the stormwater management project and continues to implement drainage mitigation projects throughout town. The most recent drainage projects completed are at West Boardwalk/Raleigh Avenue, Charlotte/W Bogue Blvd, and Robin Avenue. A major priority of Council is providing a Town Park with a wide variety of entertainment for our residents and visitors. The Town Park features a state of the art skatepark, miniature golf course, and restroom/concession facilities. The Town Council continues to seek innovative recreational features to add to the Town Park, investigating concepts such as a future dune slide or walking trails. Council continues to plan renovations to or replacements of aging Town Facilities. During FY2016-17, the Town completed the construction of a new Public Services/Water facility due to deterioration of the prior facility while continuing discussions with engineers and architects on options available with replacing the existing Police/Fire/Town Hall facilities within the next two years. Other major initiatives include continuing to improve handicap access at the public beach accesses, with the most recent completed at Durham Beach Access.

The Town continues support for nonprofit and other organizations that sponsor major public events which showcase the area as well as provide economic benefit to the community. The Town provided assistance and in-kind support to numerous community projects, including the summer family movie nights, multiple surf fishing tournaments, Carolina KiteFest, National Night Out, and various beach run and beach cleanup events.

For the Future

The Town Council adopted the fiscal year 2020-21 budget in June 2020. Property taxes provide approximately 45% of the revenues for the General Fund. Revenue from sales tax, permits and fees, and sales and services were all projected to remain consistent with prior years. No new or increased fees in the General Fund were implemented in the FY2020-21 budget.

Major capital purchases and projects during FY2020-21 include two replacement vehicles in the Police Department, replacement of five SCBA airpaks in the Fire Department, and two replacement pickup trucks for the Water Department.

Internal Controls, Budgetary Controls, and Independent Audit

Internal Controls. The management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the separation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Internal control evaluations occur within the above framework, and we believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions for a town of this size. Due to the limitation of personnel, the Town will distribute duties as needed with each additional new hire.

Budget Controls. In accordance with the state law, the Town's budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits. The proprietary funds are represented in the financial statements on the accrual basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period that they are incurred, as permitted by generally accepted accounting principles.

Independent Audit. The General Statutes of North Carolina require an annual independent financial audit of all local government units in the state. Thompson, Price, Scott, Adams & Co., P.A., a firm of independent certified public accountants, has audited the financial statements of the Town of Atlantic Beach. The auditor's report on the financial reports is included in the financial section of this report.

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Atlantic Beach for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual

financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated services and cooperation of Thompson, Price, Scott, Adams & Co., P.A. and the Town of Atlantic Beach staff. As the Finance Officer responsible for the completion and submission of this report, it would not have been possible without the combined efforts of everyone involved.

Respectfully submitted,

David R. Walker

David R. Walker,
Town Manager

Town of Atlantic Beach, North Carolina
List of Principal Officials
June 30, 2020

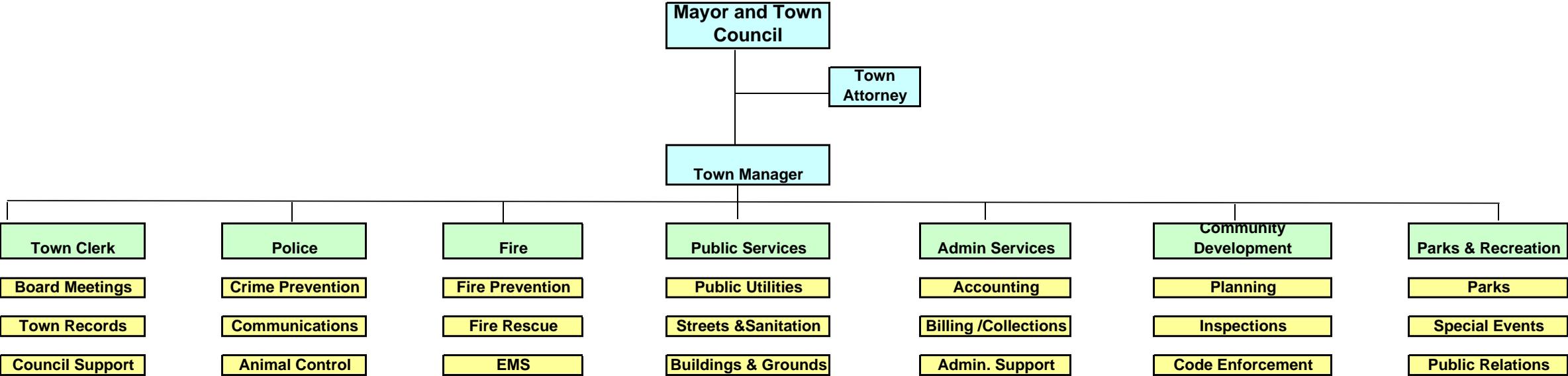
TOWN COUNCIL

Honorable A. B. Cooper, III, Mayor
Richard Johnson, Mayor Pro Tem
Harry Archer
MJ Forrest
Danny Navey
Austin Waters

ADMINISTRATION

David R. Walker, Town Manager & CFO
Sabrina Simpson, Administrative Services Director
Sarah Currie, Tax Collector
Katrina Tyer, Town Clerk
Marc Schulze, Public Services Director
Jeff Harvey, Police Chief
Michael Simpson, Fire Chief
Michelle Eitner, Planning Director

TOWN OF ATLANTIC BEACH ORGANIZATION FUNCTIONS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Atlantic Beach
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CE●

Financial Section

- Report of Independent Certified Public Accountants
- Management Discussion and Analysis
- Basic Financial Statements
- Notes to Basic Financial Statements
- Supplementary Information



This Page Intentionally Left Blank



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 103
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Atlantic Beach, North Carolina

Report on the Financial Statements

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 Atlantic Beach, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Atlantic Beach's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 Atlantic Beach, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the other Postemployment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 and Other Information

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

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such 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. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules and, other schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020 on our consideration of the Town of Atlantic Beach’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 Atlantic Beach’s internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
October 19, 2020



This Page Intentionally Left Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS



This Page Intentionally Left Blank

Management's Discussion and Analysis

As management of Town of Atlantic Beach, we offer readers of Town of Atlantic Beach's (the "Town") financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

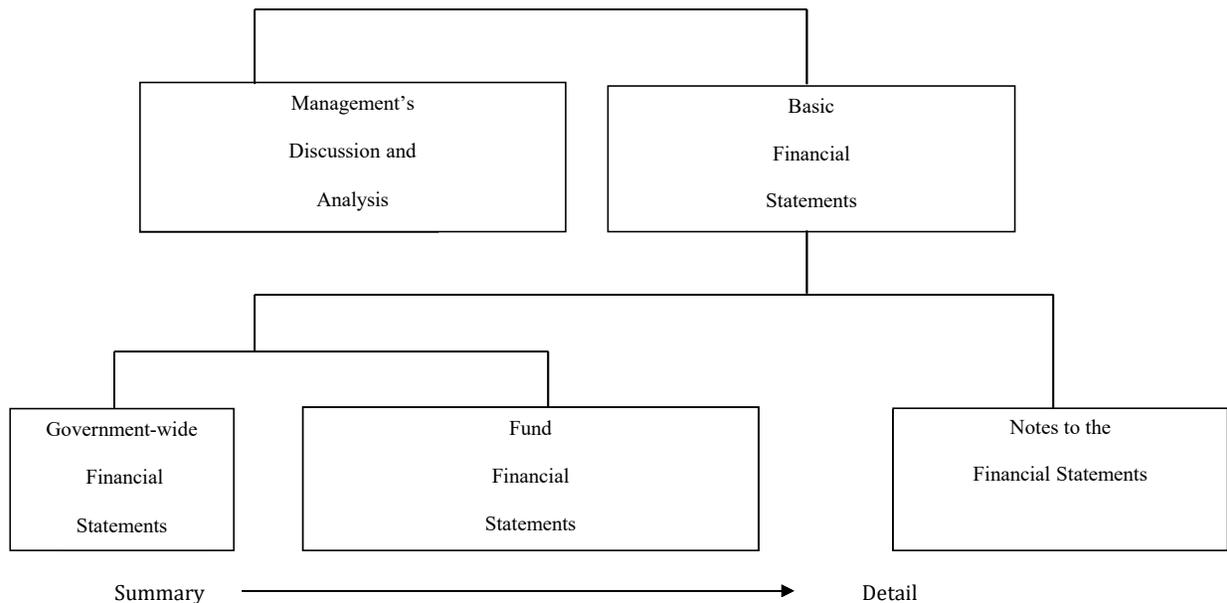
Financial Highlights

- The assets and deferred outflows of resources of Town of Atlantic Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$16,756,979 (net position).
- The government's total net position increased by \$432,498 primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,734,922. Approximately 71.94% of this total amount or \$3,406,273 is available for spending at the government's discretion (unassigned fund balance) in the governmental funds. Assigned fund balance in Beach Renourishment Special Revenue Fund totals \$375,784.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,596,633, or 51.40% of total general fund expenditures (\$6,997,881) for the fiscal year.
- The government's total debt (change in long-term debt) decreased by \$372,119 during the current fiscal year. The majority of this change is due to debt payments.
- The Town of Atlantic Beach has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting each consecutive year beginning with the June 30, 2000 annual report.

Overview of the Financial Statements

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

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) 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**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Following the Notes is the required supplemental information. This section contains funding information about the Town's Pension Plans.

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are 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 public safety, streets, and general administration. 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. These include the water services offered by the Town of Atlantic Beach.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Atlantic Beach, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Atlantic Beach can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Atlantic Beach 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 the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - Town of Atlantic Beach has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Atlantic Beach uses enterprise funds to account for its water activity. These funds are 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Town of Atlantic Beach's progress in funding its obligation to provide pension benefits to its employees.

Government Wide Financial Analysis

Town of Atlantic Beach's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 5,343,427	\$ 4,871,556	\$ 1,575,831	\$ 1,566,041	\$ 6,919,258	\$ 6,437,597
Capital assets	10,849,181	10,602,425	2,503,653	2,604,865	13,352,834	13,207,290
Deferred outflows of resources	1,240,632	1,338,457	100,762	112,236	1,341,394	1,450,693
Total assets and deferred outflows of resources	17,433,240	16,812,438	4,180,246	4,283,142	21,613,486	21,095,580
Long-term liabilities outstanding	3,141,900	3,241,456	346,321	368,383	3,488,221	3,609,839
Other liabilities	987,729	866,913	127,557	134,941	1,115,286	1,001,854
Deferred inflows of resources	236,854	147,829	16,146	11,577	253,000	159,406
Total liabilities and deferred inflows of resources	4,366,483	4,256,198	490,024	514,901	4,856,507	4,771,099
Net Position:						
Net investment in capital assets	10,473,528	9,889,457	2,355,550	2,421,958	12,829,078	12,311,415
Restricted	952,865	1,251,342	-	-	952,865	1,251,342
Unrestricted	1,640,364	1,415,441	1,334,672	1,346,283	2,975,036	2,761,724
Total net position	\$ 13,066,757	\$ 12,556,240	\$ 3,690,222	\$ 3,768,241	\$ 16,756,979	\$ 16,324,481

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Atlantic Beach exceeded liabilities and deferred inflows by \$16,756,979 as of June 30, 2020. The Town's net position increased by \$432,498 for the fiscal year ended June 30, 2020. However, the largest portion (76.56%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Atlantic Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Atlantic Beach's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Atlantic Beach's net position, \$952,865, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,975,036 is unrestricted.

The primary aspects of the Town's financial operations that influenced the total unrestricted governmental net position was continued diligence in the collection of property taxes by accomplishing a tax collection percentage of 99.82%.

Town of Atlantic Beach
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues						
Charges for Services	\$ 1,770,909	\$ 1,607,813	\$ 1,814,316	\$ 1,524,792	\$ 3,585,225	\$ 3,132,605
Operating grants and contributions	8,066,499	1,160,384	-	-	8,066,499	1,160,384
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,825,954	2,642,661	-	-	2,825,954	2,642,661
Other taxes	-	-	-	-	-	-
Unrestricted intergovernmental revenues:						
Local Option sales tax	1,196,104	1,173,993	-	-	1,196,104	1,173,993
Carteret County ABC revenue	167,629	157,433	-	-	167,629	157,433
Cable vision franchise tax	74,331	77,328	-	-	74,331	77,328
Utilities Franchise sales tax	308,166	317,054	-	-	308,166	317,054
Telecommunications sales tax	23,195	28,430	-	-	23,195	28,430
Other intergovernmental revenues	7,587	7,517	-	-	7,587	7,517
Other	92,910	145,163	16,530	23,893	109,440	169,056
Total revenues	14,533,284	7,317,776	1,830,846	1,548,685	16,364,130	8,866,461
Expenses:						
General government	1,910,570	1,699,921	-	-	1,910,570	1,699,921
Public Safety	3,263,742	3,292,248	-	-	3,263,742	3,292,248
Transportation	799,067	389,025	-	-	799,067	389,025
Economic and physical development	7,545,851	172,005	-	-	7,545,851	172,005
Environmental protection	541,213	813,324	-	-	541,213	813,324
Parks and recreation	370,263	329,544	-	-	370,263	329,544
Interest on long-term debt	16,117	15,381	-	-	16,117	15,381
Water	-	-	1,484,809	1,376,132	1,484,809	1,376,132
Total expenses	14,446,823	6,711,448	1,484,809	1,376,132	15,931,632	8,087,580
Increase (decrease) in net position before transfers and special items	86,461	606,328	346,037	172,553	432,498	778,881
Transfers	424,056	211,158	(424,056)	(211,158)	-	-
Increase (decrease) in net position	510,517	817,486	(78,019)	(38,605)	432,498	778,881
Net position, beginning	12,556,240	11,738,754	3,768,241	3,806,846	16,324,481	15,545,600
Net position, ending	\$ 13,066,757	\$ 12,556,240	\$ 3,690,222	\$ 3,768,241	\$ 16,756,979	\$ 16,324,481

Governmental activities. Governmental activities increased the Town's net position by \$510,517, whereas the net position in the business-type activities decreased by \$(78,109). The total growth in net position was \$432,498. This increase in the Town's governmental activities net position can be attributed to several factors. While State-shared revenues of utility and telecom franchise tax revenues were lower than anticipated, this was offset with higher than expected local option sales tax revenues, the Town's strong tax collection rate of 99.82% of stable tax values, and the foresight to acknowledge and plan for the continued economic downturn by freezing spending, salaries, and capital purchases except where necessary.

Business-type activities. Business-type activities decreased the Town of Atlantic Beach net position by \$78,109. Damages from Hurricane Florence in September 2018, temporarily closing a major hotel for repairs throughout June 2020, resulted in less than normal revenues for water services. This loss of revenue and contributing toward the construction of major stormwater mediation projects at Robin Avenue and Charlotte/W Bogue Blvd resulted in a decrease in net position.

Financial Analysis of the Town's Funds

As noted earlier, the Town 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 of Atlantic Beach's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Atlantic Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,596,633 while total fund balance reached \$4,359,138. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, which were \$6,997,881. Unassigned fund balance represents 51.40% of total General Fund expenditures, while total fund balance represents 62.29% of that same amount.

At June 30, 2020, the governmental funds of Town of Atlantic Beach reported a combined fund balance of \$4,734,922, an increase of \$297,249 from last year. Total fund balance for all governmental funds represents 32.30% of total Governmental Funds expenditures. While there were higher than anticipated revenues, strict oversight of personnel, operating and routine capital expenditures, we used the opportunity to proceed with multiple major projects in lieu of keeping the reserves in the bank producing very minimal interest returns in the low market environment. Some of the major capital purchases included the completion of large stormwater drainage projects at West Boardwalk/Raleigh Avenue, Charlotte/W Bogue Blvd, and Robin Avenue, completion of beach access renovations at Doubletree West and South Durham Avenue, and the replacement of three town vehicles.

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.

The final amended budget and actual amounts varied, largely due to the downward economic trends and capital projects budgeted and in progress, though not completed by June 30, 2020. The Town budgeted conservatively for State-collected revenues and building permits/capacity use fees based on trends in building construction and real estate development projects. While the State-wide and local economic trends have continued on a declining scale, the Town of Atlantic Beach collected more of these revenues than expected. The most significant favorable variances were in other unrestricted intergovernmental taxes. Total revenue realized was approximately \$236,605 more than the final budget amount, primarily due to the collection of property taxes and service fees with a higher collection rate than anticipated and receiving higher than expected local sales tax revenue. Expenditures were tightly controlled, and the Town was able to comply with its budgetary requirements in all categories. The favorable variances were the result of expenditure reductions in operations and routine replacement capital outlay to the extent possible with while still providing for the completion of large stormwater drainage projects at West Boardwalk/Raleigh Avenue, Charlotte/W Bogue Blvd, and Robin Avenue, completion of beach access renovations at Doubletree West and South Durham Avenue, the replacement of three town vehicles, and hosting events to bring more family entertainment opportunities to Atlantic Beach stretching throughout the summer including the fireworks during July 4th, and weekly outdoor movies "by the Sea at the Park". Total expenditures were approximately \$476,530 less than budgeted. The Town's focus on improving the infrastructure and completion of major projects while carefully monitoring State-shared revenue trends, maintaining a high local tax collection rate, and selling surplus vehicles and equipment resulted in total expenditures being \$713,135 less than total revenues, with an increase in fund balance of \$115,687 while still maintaining an unassigned fund balance of \$3,596,633.

Proprietary Funds. The Town of Atlantic Beach's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$1,334,672. The total change in net position for the Utility Fund was a decrease of \$78,019. While equipment and infrastructure capital improvement needs have been postponed in an attempt to keep the rates as low as possible, several capital projects were continued or completed. Some of these projects were completion of replacing the chlorine analyzers/chlorinator systems and adding a generator at Well 2A.

Capital Asset and Debt Administration

Capital assets. Town of Atlantic Beach’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$13,352,834 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- Replacement of 3 vehicles: 2019 Dodge Ram 1500 Truck (x2), 2020 F150 Truck
- Renovated Beach Accesses: Doubletree West and South Durham Avenue
- Drainage - Charlotte/W Bogue, Robin Avenue, and W Boardwalk/Raleigh
- Generator

**Town of Atlantic Beach’s Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,222,967	\$ 5,222,967	\$ 934,400	\$ 934,400	\$ 6,157,367	\$ 6,157,367
Buildings and plant systems	1,965,999	2,030,551	1,266,049	1,365,917	3,232,048	3,396,468
Infrastructure	3,130,587	2,620,640	-	-	3,130,587	2,620,640
Equipment	151,975	175,065	271,396	256,973	423,371	432,038
Vehicles and motorized equipment	333,140	371,728	31,808	47,576	364,948	419,304
Construction in Progress	44,513	181,474	-	-	44,513	181,474
Total	\$ 10,849,181	\$ 10,602,425	\$ 2,503,653	\$ 2,604,865	\$ 13,352,834	\$ 13,207,290

Additional information on Town of Atlantic Beach’s capital assets can be found in the notes to the financial statements within Section III, A (4) Detail Notes on All Funds, Assets, Capital Assets.

Long-term Debt. As of June 30, 2020, the Town of Atlantic Beach had total debt outstanding of \$523,756. The entire amount of the Town’s debt represents installment purchases for government activities, as we currently have no debt backed by the full faith and credit of the Town (bonded), or Utility (revenue bonds).

**Town of Atlantic Beach’s Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Placement Installment purchases	\$ 375,653	\$ 712,968	\$ 148,103	\$ 182,907	\$ 523,756	\$ 895,875
Total	\$ 375,653	\$ 712,968	\$ 148,103	\$ 182,907	\$ 523,756	\$ 895,875

The Town of Atlantic Beach’s total installment debt decreased by \$372,119 during the current fiscal year. North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Town of Atlantic Beach is \$125,199,147. Additional information regarding the Town of Atlantic Beach’s long-term debt can be found in the notes of the Basic Financial Statements within Section III, B (6b) Detail Notes on All Funds, Liabilities, Long Term Obligations, Changes in General Long-Term Liabilities.

Economic Factors and Next Year's Budgets and Rates

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

- Low unemployment. The Town of Atlantic Beach is too small to be statistically categorized in unemployment figures. However, as of June, Carteret County as a whole has an unemployment rate of 5.7%, which is above both the State average of 7.5% and the national average of 11.2%.
- The Town of Atlantic Beach is a resort community and does not have a significant manufacturing or industrial base. However, new small business development has been consistent.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities

The Town of Atlantic Beach budget for the Fiscal Year Ending June 30, 2021 totals \$8,098,197 for all funds managed by the Town. As required by North Carolina General Statutes, the budget is balanced by a like amount of revenues and expenditures. Budgeted expenditures for Capital Improvements are very limited and practically non-existent for the 2020-2021 fiscal year because of anticipated revenue shortfalls, economic conditions and the Town's attempt to conservatively balance the budget. Capital outlay expenditures in the General Fund include two replacement Police Department vehicles and five replacement Fire Department SCBA air packs. The General Fund continues to plan for improvements to beach accesses, additional stormwater drainage projects, and new a Police and Fire Complex. The Town appropriated \$255,000 in fund balance in the General Fund budget for FY2020-2021 due to extremely conservative revenues budgeted in anticipation of unknown effects with State-shared revenues from COVID-19 restrictions. The Town intends to increase the Powell Bill reserves for several years planning for another major repaving project in approximately FY2021-22. The Water Fund capital outlay expenditures include replacing two vehicles. No fund balance monies were appropriated in the Water Fund budget for FY2020-2021.

Governmental Activities. The Town's largest single source of revenue continues to be generated from ad valorem property taxes, which remains at \$0.18 per \$100 valuation tax rate on a \$1,741,203,227 tax base. The \$3,100,000 ad valorem property tax revenue comprises approximately 45% of General Fund estimated revenues.

Business - type Activities. The Town's business type activities, which include the Town's water and stormwater services, were budgeted with essentially the same fee schedule as the prior year.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to David R. Walker, Town Manager, P.O. Box 10, 125 West Fort Macon Road, Atlantic Beach, NC 28512.

BASIC FINANCIAL STATEMENTS

Town of Atlantic Beach, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,384,925	\$ 1,275,388	\$ 5,660,313
Restricted cash and cash equivalents	326,125	12,769	338,894
Taxes receivables (net)	5,637	-	5,637
Accounts receivable (net)	626,740	258,887	885,627
Inventories	-	28,787	28,787
Total current assets	<u>5,343,427</u>	<u>1,575,831</u>	<u>6,919,258</u>
Non-current assets:			
Capital Assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	5,267,480	934,400	6,201,880
Other capital assets, net of depreciation	5,581,701	1,569,253	7,150,954
Total capital assets	<u>10,849,181</u>	<u>2,503,653</u>	<u>13,352,834</u>
Total assets	<u>16,192,608</u>	<u>4,079,484</u>	<u>20,272,092</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,240,632</u>	<u>100,762</u>	<u>1,341,394</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	602,868	50,985	653,853
Accrued interest payable	3,735	-	3,735
Accrued vacation	97,866	9,006	106,872
Customer advances	-	19,127	19,127
Current portion of long term liabilities	283,260	35,671	318,931
Payable from restricted assets	-	12,769	12,769
Total current liabilities	<u>987,729</u>	<u>127,558</u>	<u>1,115,287</u>
Long-term liabilities:			
Net pension liability	1,153,465	100,301	1,253,766
Total pension liability	455,502	-	455,502
OPEB liability	1,355,836	117,899	1,473,735
Accrued vacation	84,704	15,688	100,392
Due in more than one year	92,393	112,432	204,825
Total long term liabilities	<u>3,141,900</u>	<u>346,320</u>	<u>3,488,220</u>
Total liabilities	<u>4,129,629</u>	<u>473,878</u>	<u>4,603,507</u>
DEFERRED INFLOWS OF RESOURCES	<u>236,854</u>	<u>16,146</u>	<u>253,000</u>
NET POSITION			
Net investment in capital assets	10,473,528	2,355,550	12,829,078
Restricted for:			
Streets - Powell Bill	326,125	-	326,125
Stabilization by State Statute	626,740	-	626,740
Unrestricted	<u>1,640,364</u>	<u>1,334,672</u>	<u>2,975,036</u>
Total net position	<u>\$ 13,066,757</u>	<u>\$ 3,690,222</u>	<u>\$ 16,756,979</u>

**Town of Atlantic Beach, North Carolina
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 1,910,570	\$ 473,612	\$ -	\$ -	\$ (1,436,958)	\$ -	\$ (1,436,958)
Public safety	3,263,742	740,254	195,125	-	(2,328,363)	-	(2,328,363)
Transportation	799,067	-	56,927	-	(742,140)	-	(742,140)
Economic and physical development	7,545,851	-	7,814,447	-	268,596	-	268,596
Environmental protection	541,213	632,847	-	-	91,634	-	91,634
Cultural and recreation	370,263	91,825	-	-	(278,438)	-	(278,438)
Interest on long-term debt	16,117	-	-	-	(16,117)	-	(16,117)
Total governmental activities (See Note 1)	14,446,823	1,938,538	8,066,499	-	(4,441,786)	-	(4,441,786)
Business-type activities:							
Water	1,484,809	1,814,316	-	-	-	329,507	329,507
Total business-type activities	1,484,809	1,814,316	-	-	-	329,507	329,507
Total primary government	\$ 15,931,632	\$ 3,752,854	\$ 8,066,499	\$ -	(4,441,786)	329,507	(4,112,279)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,825,954	-	2,825,954
Local option sales tax					1,196,104	-	1,196,104
Franchise taxes					405,692	-	405,692
Beer and wine tax					6,447	-	6,447
Solid waste disposal tax					1,140	-	1,140
Grants and contributions not restricted to specific programs					-	-	-
Miscellaneous					42,976	-	42,976
Unrestricted investment earnings					49,934	16,530	66,464
Transfers					424,056	(424,056)	-
Total general revenues, special items, and transfers					4,952,303	(407,526)	4,544,777
Change in net position					510,517	(78,019)	432,498
Net position, beginning					12,556,240	3,768,241	16,324,481
Net position, ending					\$ 13,066,757	\$ 3,690,222	\$ 16,756,979

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

**Town of Atlantic Beach, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020**

	<u>Major Funds</u>			Total Governmental Funds
	General Fund	Post-Florence Renourishment	Non-Major Fund	
ASSETS				
Cash and cash equivalents	\$ 4,009,141	\$ -	375,784	4,384,925
Restricted cash	326,125	-	-	326,125
Receivables, net:				
Taxes	5,316	-	-	5,316
Accounts	436,380	190,360	-	626,740
Total assets	<u>4,776,962</u>	<u>190,360</u>	<u>375,784</u>	<u>5,343,106</u>
LIABILITIES				
Accounts payable and accrued liabilities	412,508	190,360	-	602,868
Total liabilities	<u>412,508</u>	<u>190,360</u>	<u>-</u>	<u>602,868</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	5,316	-	-	5,316
Prepaid taxes	-	-	-	-
Total deferred inflows of resources	<u>5,316</u>	<u>-</u>	<u>-</u>	<u>5,316</u>
FUND BALANCES				
Restricted				
Stabilization by State Statute	436,380	190,360	-	626,740
Streets - Powell Bill	326,125	-	-	326,125
Assigned				
Beach Renourishment	-	-	375,784	375,784
Unassigned	3,596,633	(190,360)	-	3,406,273
Total fund balances	<u>4,359,138</u>	<u>-</u>	<u>375,784</u>	<u>4,734,922</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,776,962</u>	<u>\$ -</u>	<u>\$ 375,784</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,849,181
Net pension liability	(1,153,465)
Total pension liability	(455,502)
OPEB liability	(1,355,836)
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	321
Deferred outflows of resources related to pensions are not reported in the funds	1,240,632
Liabilities for earned revenues considered deferred inflows of resources in fund statements	5,316
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(558,223)
Deferred inflows of resources related to pensions are not reported in the funds	(236,854)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,735)</u>
Net position of governmental activities	<u>\$ 13,066,757</u>

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major Funds</u>			Total Governmental Funds
	General Fund	Post-Florence Renourishment	Non-Major Fund	
REVENUES				
Ad valorem taxes	\$ 2,825,248	\$ -	\$ -	\$ 2,825,248
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	1,777,012	-	-	1,777,012
Restricted intergovernmental	418,295	7,661,504	-	8,079,799
Permits and fees	453,759	-	-	453,759
Sales and services	1,103,020	-	-	1,103,020
Investment earnings	47,626	-	2,308	49,934
Miscellaneous	200,830	-	-	200,830
Total revenues	<u>6,825,790</u>	<u>7,661,504</u>	<u>2,308</u>	<u>14,489,602</u>
EXPENDITURES				
Current:				
General government	1,794,080	-	-	1,794,080
Public safety	3,117,993	-	-	3,117,993
Transportation	695,845	-	-	695,845
Environmental protection	528,654	-	-	528,654
Economic and physical development	194,989	7,661,504	-	7,856,493
Public services	313,064	-	-	313,064
Debt service:				
Principal	337,315	-	-	337,315
Interest and other charges	15,941	-	-	15,941
Total expenditures	<u>6,997,881</u>	<u>7,661,504</u>	<u>-</u>	<u>14,659,385</u>
Excess (deficiency) of revenues over expenditures	<u>(172,091)</u>	<u>-</u>	<u>2,308</u>	<u>(169,783)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from/to other funds	244,802	-	179,254	424,056
Insurance Proceeds	42,976	-	-	42,976
Total other financing sources (uses)	<u>287,778</u>	<u>-</u>	<u>179,254</u>	<u>467,032</u>
Net change in fund balance	115,687	-	181,562	297,249
Fund balances, beginning	4,243,451	-	194,222	4,437,673
Fund balances, ending	<u>\$ 4,359,138</u>	<u>\$ -</u>	<u>\$ 375,784</u>	<u>\$ 4,734,922</u>

(continued)

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds	\$	297,249
---	----	---------

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	606,211		
Depreciation expense from governmental assets	(375,565)		
Loss of disposal of asset	<u>(1,890)</u>		228,756

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			423,241
--	--	--	---------

Benefit payments paid and administrative expense for the LEOSSA and OPEB are not included on the Statement of Activities			98,096
--	--	--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in unavailable revenue for tax revenues			1,157

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	-		
Principal payments on long-term debt	<u>337,315</u>		337,315

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			(17,777)
Accrued interest payable			(176)
Pension Expense			(735,019)
Other postemployment benefits			<u>(122,326)</u>

Total changes in net position of governmental activities	\$	<u>510,517</u>
--	----	----------------

Town of Atlantic Beach, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 2,850,000	\$ 2,804,000	\$ 2,825,248	\$ 21,248
Unrestricted intergovernmental	1,625,000	1,624,500	1,777,012	152,512
Restricted intergovernmental	742,500	451,746	418,295	(33,451)
Permits and fees	1,056,700	439,500	453,759	14,259
Sales and services	255,200	1,027,500	1,103,020	75,520
Investment earnings	20,000	43,500	47,626	4,126
Miscellaneous	47,000	198,439	200,830	2,391
Total revenues	<u>6,596,400</u>	<u>6,589,185</u>	<u>6,825,790</u>	<u>236,605</u>
Expenditures:				
Current:				
General government	882,583	2,055,782	1,794,080	261,702
Public safety	3,089,414	3,237,168	3,117,993	119,175
Transportation	458,000	704,952	695,845	9,107
Environmental protection	1,417,675	543,640	528,654	14,986
Economic and physical development	324,489	223,985	194,989	28,996
Public services	265,937	355,582	313,064	42,518
Debt service:				
Principal retirement	337,360	337,361	337,315	46
Interest and other charges	15,942	15,941	15,941	-
Contingency	-	-	-	-
Total expenditures	<u>6,791,400</u>	<u>7,474,411</u>	<u>6,997,881</u>	<u>476,530</u>
Revenues over (under) expenditures	<u>(195,000)</u>	<u>(885,226)</u>	<u>(172,091)</u>	<u>713,135</u>
Other financing sources (uses):				
Insurance Proceeds	-	-	42,976	42,976
Transfers to other funds	-	-	(257,926)	(257,926)
Transfers from other funds	429,000	339,207	502,728	163,521
Total other financing sources (uses)	<u>429,000</u>	<u>339,207</u>	<u>287,778</u>	<u>(51,429)</u>
Fund balance appropriated	(234,000)	546,019	-	(546,019)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>115,687</u>	<u>\$ 115,687</u>
Fund balances, beginning			<u>4,243,451</u>	
Fund balances, ending			<u>\$ 4,359,138</u>	

Town of Atlantic Beach, North Carolina
Statement of Fund Net Position
Proprietary Fund - Public Utilities Fund
June 30, 2020

	Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,275,388
Restricted cash and cash equivalents	12,769
Accounts receivable (net) - billed	168,957
Accounts receivable (net) - unbilled	89,930
Inventories	28,787
Total current assets	1,575,831
Non-current assets:	
Capital assets:	
Land and construction in progress	934,400
Other capital assets, net of depreciation	1,569,253
Capital assets	2,503,653
Total non-current assets	2,503,653
Total assets	4,079,484
DEFERRED OUTFLOWS OF RESOURCES	100,762
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	50,985
Customer advances on water bills	19,127
Current portion of accrued vacation	9,006
Installment debt	35,671
Liabilities payable from restricted assets	
Customer deposits	12,769
Total current liabilities	127,558
Noncurrent liabilities:	
Installment debt	112,432
OPEB liability	117,899
Accrued vacation	15,688
Net pension liability	100,301
Total non-current liabilities	346,320
Total liabilities	473,878
DEFERRED INFLOWS OF RESOURCES	16,146
NET POSITION	
Net investment in capital assets	2,355,550
Unrestricted	1,334,672
Total net position	\$ 3,690,222

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

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2020

	Public Utilities Fund
OPERATING REVENUES	
Charges for services	\$ 1,266,453
Stormwater fees	442,112
Other operating revenues	105,751
Total operating revenues	1,814,316
OPERATING EXPENSES	
Administration	401,445
Water treatment and distribution	907,005
Depreciation	171,990
Total operating expenses	1,480,440
Operating income (loss)	333,876
NONOPERATING REVENUE (EXPENSES)	
Interest and other charges	(4,369)
Investment earnings	16,530
Total nonoperating revenue (expenses)	12,161
Income (loss) before contributions and transfers	346,037
Transfers to other funds	(424,056)
Change in net position	(78,019)
Total net position, beginning	3,768,241
Total net position, ending	\$ 3,690,222

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

Town of Atlantic Beach, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2020

	Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,782,757
Cash paid to employees	(279,929)
Cash paid for goods and services	(1,015,929)
Net cash provided (used) by operating activities	486,899
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(424,056)
Net cash provided (used) by noncapital financing activities	(424,056)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(70,778)
Principal repayments on long-term debt	(34,804)
Interest expense	(4,369)
Installment purchase obligation issued	-
Net cash provided (used) by capital and related financing activities	(109,951)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	16,530
Net increase (decrease) in cash and cash equivalents	(30,578)
Balances, beginning	1,318,735
Balances, ending	\$ 1,288,157

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

Town of Atlantic Beach, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2020

	Public Utilities Fund
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 333,876
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	171,990
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(31,559)
(Increase) decrease in inventory	(8,809)
Increase (decrease) in accounts payable and accrued liabilities	(11,322)
Increase (decrease) in net pension liability	12,126
(Increase) decrease in deferred outflows of resources	11,474
Increase (decrease) in deferred inflows of resources	4,569
Increase(decrease) in customer deposits	1,566
Increase (decrease) in accrued vacation pay	781
Increase (decrease) in OPEB liability	2,207
Total adjustments	153,023
Net cash provided by operating activities	\$ 486,899

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

Notes to Basic
Financial Statements

Town of Atlantic Beach, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Atlantic Beach 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 Atlantic Beach is a municipal corporation that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

Government-wide Statements : The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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 specific function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a specific 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 – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. 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 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 result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

Post-Florence Renourishment Fund - This Fund was established to renourish the beach.

The Town reports the following non-major governmental fund:

Capital Project Fund. This fund was established to account for distributions from the Carteret County Hotel Room Tax that is defined by N.C. General Statute to be used for beach nourishment related expenses.

The Town reports the following major enterprise fund:

Public Utilities Fund. The Public Utilities fund is used to account for the management of the Town's water and storm water operations.

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 liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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 Atlantic Beach because the tax is levied by Carteret County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. An annual budget is also adopted for the Special Revenue Funds. 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 project level for the multi-year funds. The Finance Officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, 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, 2020, 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.

In accordance with State law, the Town has invested in securities which are callable and which provide periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

The unexpended Powel Bill revenue is classified as restricted assets in governmental funds because the use is completely restricted by G.S. 136-41.1 through 136-41.4. The balance at June 30, 2020 was \$326,125. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

<u>Town of Atlantic Beach Restricted Cash</u>		
Governmental Activities		
General Fund		
	Streets	\$ 326,125
Total governmental activities		<u>326,125</u>
Business-type Activities		
Public Utilities Fund:		
	Customer Deposits	12,769
Total Business-type Activities		<u>\$ 12,769</u>
Total Restricted Cash		<u>\$ 338,894</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out) which approximates market. The inventories of the Town's General Fund consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; and computer software, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimate historical cost. 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 assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings	50
Improvements	10-25
Infrastructure	50
Vehicles - motorized equipment	6
Equipment (non computer)	5-10
Computer software	5
Computer equipment	3

8. 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 does have one item that meets this criterion, pension deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for this category - property taxes receivable and pension deferrals.

9. Long-Term Obligations

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.

In fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

10. Compensated Absences

Vacation leave is accumulated at the rate of up to thirty (30) days per year with each 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 with the funds as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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.

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 unexpended Powell Bill funds.

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

Assigned Fund Balance – portion of fund balance that Town of Atlantic Beach intends to use for specific purposes.

Assigned for Beach Renourishment - portion of fund balance that Town of Atlantic Beach intends to use for beach renourishment.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance.

The Town of Atlantic Beach 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-city funds, city 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.

The Town of Atlantic Beach has also adopted a minimum fund balance policy for the general fund with instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, 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's employer contributions are recognized when due and the Town 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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

There were no issues relating to stewardship, compliance and accountability for the Town.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using the Pooling Method. Under the Pooling Method, which is collateral pool, 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 the entities names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$646,750 and a bank balance of \$737,034. All of which was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$1,200.

2. Investments

At June 30, 2020, the Town had \$5,351,257 invested with the North Carolina Capital management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard or Poor's. The Town has no policy regarding credit risk.

3. Receivables

Receivable at the government-wide level at June 30, 2020, were as follows:

Fund	June 30, 2020
General Fund:	
ABC distributions receivable	\$ 47,020
Telecommunication sales tax receivable	3,432
Franchise tax receivable	61,934
Local option sales tax receivable	196,060
Video programming	17,068
Services receivable	50,247
Other governments receivable	190,360
Miscellaneous receivables	60,619
Total	<u>626,740</u>
Public Utilities Fund:	
Services receivable	258,887
	<u>\$ 885,627</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,222,967	\$ -	\$ -	\$ 5,222,967
Construction in progress	181,474	44,513	181,474	44,513
Total capital assets not being depreciated	5,404,441	44,513	181,474	5,267,480
Capital assets being depreciated:				
Buildings & improvement	2,646,165	-	-	2,646,165
Infrastructure	3,198,183	612,934	-	3,811,117
Equipment	496,739	29,709	35,361	491,087
Vehicles and motorized equipment	2,732,812	100,529	162,748	2,670,593
Total capital assets being depreciated	9,073,899	743,172	198,109	9,618,962
Less accumulated depreciation for:				
Buildings & improvements	615,614	64,552	-	680,166
Infrastructure	577,543	102,987	-	680,530
Equipment	321,674	52,251	34,813	339,112
Vehicles and motorized equipment	2,361,084	137,775	161,406	2,337,453
Total accumulated depreciation	3,875,915	\$ 357,565	\$ 196,219	4,037,261
Total capital assets being depreciated, net	5,197,984			5,581,701
Governmental activity capital assets, net	\$ 10,602,425			\$ 10,849,181

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

General Government	\$ 42,447
Public Safety	135,521
Transportation	82,682
Economic & Physical Development	31,346
Environmental Protection	9,137
Cultural & Recreation	56,432
Total Depreciation Expense	<u>\$ 357,565</u>

Business-Type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund				
Capital assets not being depreciated:				
Land	\$ 934,400	\$ -	\$ -	\$ 934,400
Construction in progress	-	-	-	-
Total capital assets not being depreciated	934,400	-	-	934,400
Capital assets being depreciated:				
Plant and Distribution Systems	6,983,626	15,900	-	6,999,526
Furniture, Equipment & Maintenance	866,712	54,878	-	921,590
Vehicles	105,910	-	15,671	90,239
Total capital assets being depreciated	7,956,248	70,778	15,671	8,011,355
Less accumulated depreciation for:				
Plant and Distribution Systems	5,617,709	115,768	-	5,733,477
Furniture, Equipment & Maintenance	609,739	40,455	-	650,194
Vehicles	58,335	15,767	15,671	58,431
Total accumulated depreciation	6,285,783	\$ 171,990	\$ 15,671	6,442,102
Total capital assets being depreciated, net	1,670,465			1,569,253
Business type capital assets, net	\$ 2,604,865			\$ 2,503,653

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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 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. The Town 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's contractually required contribution rate for the year ended June 30, 2020, was 15.35% of compensation for law enforcement officers and 15.93% 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 were \$460,045 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$1,253,766 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 (measurement date), the Town's proportion was 0.04591%, which was a decrease of 0.00055% from its proportion measured as of June 30, 2018. Contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

For the year ended June 30, 2020, the Town recognized pension expense of \$719,285. At June 30, 2020, 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	\$ 214,677	\$ -
Change of assumptions	204,343	-
Net difference between projected and actual earnings on pension plan investments	30,581	-
Change in proportion and differences between Town contributions and proportionate share of contributions	328,837	-
Town contributions subsequent to the measurement date	460,045	-
Total	<u>\$ 1,238,483</u>	<u>\$ -</u>

\$460,045 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$ 348,984
2022	171,205
2023	189,070
2024	69,179
2025	-
Thereafter	-
	<u>\$ 778,438</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2018 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of net pension liability (asset)	\$ 2,867,593	\$ 1,253,766	\$ (87,650)

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

The Town of Atlantic Beach 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. The Town has made no contributions to this plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>15</u>
Total	<u><u>20</u></u>

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 and refunds 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 following criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 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, 2019.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employee. 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. The Town paid \$49,376 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$455,502. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$53,990.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,788	\$ 40,660
Changes of assumptions	19,091	10,517
Town benefit payments and plan administrative expenses subsequent to the measurement date	-	-
Total	<u>\$ 81,879</u>	<u>\$ 51,177</u>

\$0.00 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$ 19,266
2022	20,004
2023	(10,624)
2024	2,056
2025	-
Thereafter	-
	<u>\$ 30,702</u>

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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1 % Decrease	Current	1% Increase
	(2.64%)	Discount Rate	(4.64%)
	(3.64%)	(3.64%)	(4.64%)
Town's pension liability (asset)	\$ 386,830	\$ 455,502	\$ 426,731

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
2020

Beginning balance	\$ 453,628
Service Cost	18,719
Interest on the total pension liability	15,613
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	5,690
Changes of assumptions or other inputs	11,228
Benefit payments	(49,376)
Other changes	-
Ending balance of the total pension liability	<u>\$ 455,502</u>

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 719,285	\$ 53,990	\$ 773,275
Pension Liability	1,253,766	455,502	1,709,268
Proportionate share of the net pension liability	0.04591%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	214,677	62,788	277,465
Changes of assumptions	204,343	19,091	223,434
Net difference between projected and actual earnings on plan investments	30,581	-	30,581
Changes in proportion and differences between contributions and proportionate share of contributions	328,837	-	328,837
Benefit payments and administrative costs paid subsequent to the measurement	460,045	-	460,045
Totals	<u>1,238,483</u>	<u>81,879</u>	<u>1,320,362</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	40,660	40,660
Changes of assumptions	-	10,517	10,517
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

c. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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. The 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 (5%) of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

The Town made contributions of \$41,402 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for Non-law Enforcement Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all full-time employees of the Town. Authority to establish and amend benefit provisions is assigned to the Town Council.

Funding Policy. The adopted plan requires the Town to contribute each pay period an amount equal to five percent (5%) of each non-law enforcement employee's salary. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$107,135 from the Town and \$37,415 from the non-law enforcement employees.

e. Other Postemployment Benefits (OPEB)

1. Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Plan (the HCB Plan). The plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the Town, have not reached age 65 and are not eligible to receive Medicare benefits. The Town pays the full cost of coverage for employee's benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Employees who retire with a minimum of 20 years of creditable service are eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental Plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2019 date of the latest actuarial valuation.

	<u>Employees:</u>
Retirees and dependents receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>55</u>
Total	<u><u>58</u></u>

Funding Policy. By Town resolution, the Town pays the full cost of the coverage for the healthcare benefits to qualified retirees. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended, June 30, 2020, the Town was not required to make contributions in the fiscal year.

Total OPEB Liability

The Town's total OPEB liability of \$1,473,735 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, including inflation
Discount rate	3.5 percent
Healthcare cost trend rates	7.0% For 2019 decreasing to an ultimate rate of 5.40% by 2026

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	
Change for the year	\$ 1,446,145
Service cost	90,472
Interest	55,235
Changes of benefit terms	-
Differences between expected and actual experience	(88,672)
Changes in assumptions or other inputs	23,512
Benefit payments	(52,957)
Net changes	<u>27,590</u>
Balance at June 30, 2020	<u><u>\$ 1,473,735</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89 % to 3.50%.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 1,641,007	\$ 1,473,735	\$ 1,324,336

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 1,280,404	\$ 1,473,735	\$ 1,706,268

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$122,326. Contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 98,792
Changes of assumptions	21,032	103,031
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 21,032</u>	<u>\$ 201,823</u>

\$00 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	\$ (23,381)
2021	(23,381)
2022	(23,381)
2023	(23,381)
2024	(23,381)
Thereafter	(63,886)
	<u>\$ (180,791)</u>

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 277,465
Change of assumptions	244,466
Net difference between projected and actual earnings on pension plan investments	30,581
Change in proportion and differences between Town contributions and proportionate share of contributions	328,837
Town contributions subsequent to the measurement date	460,045
Total	<u>\$ 1,341,394</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund) less penalties	\$ -	\$ 5,316
Prepaid taxes (General Fund)	-	-
Differences between expected and actual experience	139,452	
Changes in assumptions	113,548	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Total	\$ 253,000	\$ 5,316

4. 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 Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated as A, B, C, and X zones by the Federal Emergency management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Town also is eligible to and has purchased commercial flood insurance to cover its buildings and structures in the A, B, C, and X zones in the event of flood damage.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town has no pending claims or judgments.

6. Long Term Obligations

a. Installment Purchases:

Governmental Activities

In March 2006, the Town entered into a direct placement installment purchase contract with BB&T for the purchase of property located on 915 W. Ft. Macon Rd, Atlantic Beach. The property is pledged as collateral for the debt while the debt is outstanding. In November 2010, the loans were modified with interest at an annual rate of 1.97%. The note is due in annual variable installments with a fixed principal component of \$266,667. Payments are due beginning on March 15, 2007, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on March 15, 2021. The Town does not expect to prepay any of the obligations prior to the scheduled payment dates. The combined balance outstanding at June 30, 2020 was \$266,667.

In December 2018, the Town entered into a direct placement installment purchase contract with Branch Banking and Trust Company for the purchase of an Ambulance. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning December 6, 2019 of \$20,527, with an interest rate if 3.61%. The balance outstanding at June 30, 2020 was \$108,986.

Business-Type Activities

In March 2017, the Town entered into a direct placement installment purchase contract with BB&T for the purchase of SCADA equipment for the water plant. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning March 1, 2018 of \$39,359, with an interest rate of 2.49%. The balance outstanding at June 30, 2020 was \$148,103.

Annual debt service payments of all installment notes as of June 30, 2020, including \$28,763 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 283,260	\$ 9,187	\$ 35,671	\$ 3,688
2022	17,192	3,335	36,559	2,800
2023	17,812	2,715	37,470	1,889
2024	18,455	2,072	38,403	956
2025	19,122	1,406	-	-
2026 - 2030	19,812	715	-	-
Total	\$ 375,653	\$ 19,430	\$ 148,103	\$ 9,333

b. Changes in General Long-Term Liabilities

At June 30 2020, the Town of Atlantic Beach had a legal debt margin of \$125,199,147.

	Balance 07/01/19	Increases	Decreases	Balance 06/30/20	Current Portion
Governmental activities:					
Direct Placement Installment purchases	\$ 712,968	\$ -	\$ 337,315	\$ 375,653	\$ 283,260
Compensated absences	164,793	115,643	97,866	182,570	97,866
Total OPEB liability	1,330,454	25,382	-	1,355,836	-
Net pension liability (LGERS)	1,014,015	139,450	-	1,153,465	-
Net pension liability (LEOSSA)	453,628	1,874	-	455,502	-
Governmental activity long-term liabilities	<u>\$ 3,675,858</u>	<u>\$ 282,349</u>	<u>\$ 435,181</u>	<u>\$ 3,523,026</u>	<u>\$ 381,126</u>
Business-type activities:					
Direct Placement Installment purchases	\$ 182,907	\$ -	\$ 34,804	\$ 148,103	\$ 35,671
Net pension liability (LGERS)	88,175	12,126	-	100,301	-
Compensated absences	23,913	9,787	9,006	24,694	9,006
Total OPEB liability	115,692	2,207	-	117,899	-
Business-type activity long-term liabilities	<u>\$ 410,687</u>	<u>\$ 24,120</u>	<u>\$ 43,810</u>	<u>\$ 390,997</u>	<u>\$ 44,677</u>

c. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

<u>Descriptions</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 424,056	\$ -
Public Utilities Fund	-	424,056
	<u>\$ 424,056</u>	<u>\$ 424,056</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

The transfer from the Public Utility Fund to the General Fund is for debt service payment for the Town-owned property purchased for future uses by both funds (\$96,000) and for stormwater project construction (\$328,056).

d. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 10,849,181	\$ 2,503,653
Less: Long-term debt	375,653	148,103
Net investment in capital assets	<u>\$ 10,473,528</u>	<u>\$ 2,355,550</u>

e. 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	\$ 4,359,138
Less:	
Stabilization by State Statute	436,380
Streets - Powell Bill	326,125
Working Capital/Fund Balance Policy	747,441
Remaining Fund Balance	<u>2,849,192</u>

The Town of Atlantic Beach has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

IV. 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 moneys 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 moneys.

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material effect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

VI. New Pronouncements

The GASB has issued pronouncements which are effective as of the fiscal year ended June 30, 2020

Statement No. 83, "Certain Asset Retirement Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.

Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2020.

Implementation Guide o. 2018-1, "Implementation Guidance Update-2018." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2020.

Statement No. 84, "Fiduciary Activities." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

Statement No. 90, "Majority Equity Interests-an amendment of GASB Statements No. 14 and o. 61." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

Implementation Guide o. 2019-2, "Fiducia1y Activities." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

Statement No. 87, "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021.

Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

Implementation Guide o. 2019-1, "Implementation Guidance Update-2019." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2021.

Implementation Guide o. 2019-3, "Leases." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Schedule of the Proportionate Share of the Net Pension
Liability – Local Government Employees’ Retirement
System

Schedule of Contributions – Local Government
Employees’ Retirement System

Schedule of Changes in Total Pension Liability - Law
Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of
Covered Payroll - Law Enforcement Officers' Special
Separation Allowance

Schedule of Changes in the Net OPEB Liability and
Related Ratios

Town of Atlantic Beach, North Carolina
Town of Atlantic Beach's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years*

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.04591%	0.04646%	0.04728%	0.04710%	0.05260%	0.0510%	0.0511%
Town's proportion of the net pension liability (asset) (\$)	\$ 1,253,766	\$ 1,102,190	\$ 722,307	\$ 1,000,256	\$ 236,021	\$ (299,237)	\$ 615,951
Town's covered payroll	\$ 2,972,487	\$ 2,880,471	\$ 2,836,696	\$ 2,815,405	\$ 2,599,100	\$ 2,572,741	\$ 2,384,890
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.18%	38.26%	25.46%	35.53%	9.08%	(11.63%)	25.83%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

**Town of Atlantic Beach, North Carolina
Town of Atlantic Beach's Contributions
Required Supplementary Information
Last Seven Fiscal Years**

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 460,045	\$ 425,630	\$ 404,971	\$ 394,056	\$ 357,608	\$ 358,156	\$ 347,320
Contributions in relation to the contractually required contribution	460,045	425,630	404,971	394,056	357,608	358,156	347,320
Contribution deficiency (excess)	<u>\$ -</u>						
Town's covered payroll	\$ 2,965,751	\$ 2,972,487	\$ 2,880,471	\$ 2,836,696	\$ 2,815,405	\$ 2,599,100	\$ 2,572,741
Contributions as a percentage of covered payroll	15.51%	14.32%	14.06%	13.89%	12.70%	13.78%	13.50%

Town of Atlantic Beach, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	2020	2019	2018	2017
Beginning balance	453,628	547,700	393,196	397,437
Service Cost	18,719	18,451	18,012	19,431
Interest on the total pension liability	15,613	16,556	14,288	13,656
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	5,690	(67,410)	143,184	-
Changes of assumptions or other inputs	11,228	(14,121)	25,105	(7,476)
Benefit payments	(49,376)	(47,548)	(46,085)	(29,852)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 455,502</u>	<u>\$ 453,628</u>	<u>\$ 547,700</u>	<u>\$ 393,196</u>

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

Town of Atlantic Beach, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 455,502	\$ 453,628	\$ 547,700	\$ 393,196
Covered payroll	818,758	793,412	832,244	850,042
Total pension liability as a percentage of covered payroll	55.63%	57.17%	65.81%	46.26%

Notes to the schedules:

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

Town of Atlantic Beach, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2020*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 90,472	\$ 93,348	\$ 100,558
Interest	55,235	48,926	40,905
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(88,672)	(4,111)	(23,034)
Changes of assumptions	23,512	(52,697)	(86,548)
Benefit payments	(52,957)	(27,038)	(6,214)
Net change in total OPEB liability	<u>27,590</u>	<u>58,428</u>	<u>25,667</u>
Total OPEB liability - beginning	<u>1,446,145</u>	<u>1,387,717</u>	<u>1,362,050</u>
Total OPEB liability - ending	<u>\$ 1,473,735</u>	<u>\$ 1,446,145</u>	<u>\$ 1,387,717</u>
Town's covered payroll	\$ 2,783,731	\$ 2,825,143	\$ 2,825,143
Town's OPEB liability as a percentage of its covered payroll	52.94%	51.19%	49.12%

* Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Current collections of unit-wide levy		2,816,935	
Prior years' levy collections		2,084	
Penalties and interest		6,229	
Total taxes	<u>2,804,000</u>	<u>2,825,248</u>	<u>21,248</u>
Unrestricted intergovernmental:			
Local option sales tax		1,196,104	
Carteret County ABC revenue		167,629	
Beer/wine tax		6,447	
Utilities sales tax		308,166	
Cable Vision franchise tax		74,331	
Telecommunications sales tax		23,195	
Solid Waste Disposal Tax		1,140	
	<u>1,624,500</u>	<u>1,777,012</u>	<u>152,512</u>
Restricted intergovernmental:			
Public Safety Grants		2,416	
FEMA		177,709	
NC Resiliency Grant		15,000	
Dredging Grant		81,191	
CAMA Grant Beach Access		71,752	
Donations/Skatepark		13,300	
Powell Bill allocation		56,927	
	<u>451,746</u>	<u>418,295</u>	<u>(33,451)</u>
Total intergovernmental	<u>2,076,246</u>	<u>2,195,307</u>	<u>119,061</u>
Permits, fees and assessments:			
Beach permits		36,000	
Building permits		413,669	
Business registration fee		4,090	
Total permits, fees and assessments	<u>439,500</u>	<u>453,759</u>	<u>14,259</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Parking meter		196,514	
Solid waste fees		529,971	
Parking violations		16,064	
Refuse cart sales		29,199	
Debris/White goods fee		73,677	
EMS revenue		102,407	
Cell tower lease		83,758	
Re-Entry pass fees		21,149	
Recreation fees		18,595	
Other Fees		31,686	
Total sales and services	<u>1,027,500</u>	<u>1,103,020</u>	<u>75,520</u>
Investment Earnings:			
General fund interest on investments		43,978	
Other funds interest on investments		3,648	
Total interest	<u>43,500</u>	<u>47,626</u>	<u>4,126</u>
Miscellaneous revenue:			
ABPD citizen donations		11,600	
Private donations		35,479	
Sales tax refund		67,922	
Mini golf		59,930	
Miscellaneous		25,899	
Total miscellaneous	<u>198,439</u>	<u>200,830</u>	<u>2,391</u>
Total revenue	<u>6,589,185</u>	<u>6,825,790</u>	<u>236,605</u>
Expenditures			
General Government:			
Mayor and council:			
Salaries and employee benefits		21,409	
Professional services		45,390	
Membership dues		4,631	
Other operating expenditures		14,734	
	<u>105,158</u>	<u>86,164</u>	<u>18,994</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Administration:			
Salaries and employee benefits		200,552	
Insurance - other		1,288	
Employee development		2,342	
Printing and postage		16,144	
Computers and small equipment		62,225	
Supplies		2,872	
Equipment rental		15,736	
Miscellaneous		8,542	
	<u>341,855</u>	<u>309,701</u>	<u>32,154</u>
Finance:			
Salaries and employee benefits		132,326	
Professional services		31,483	
Departmental supplies		7,273	
Bank charges		12,316	
Sales tax		55,312	
Miscellaneous		1,829	
	<u>301,488</u>	<u>240,539</u>	<u>60,949</u>
Public buildings:			
Salaries and employee benefits		402,365	
Insurance - other		17,389	
Utilities		31,581	
Building maintenance		23,384	
Janitorial supplies		2,935	
Landscaping		3,640	
Professional services		270,252	
Departmental supplies		38,985	
Dredging		121,839	
Beach access		98,575	
Miscellaneous		146,731	
	<u>1,307,281</u>	<u>1,157,676</u>	<u>149,605</u>
Total general government	<u>2,055,782</u>	<u>1,794,080</u>	<u>261,702</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Police:			
Salaries and employee benefits		1,363,756	
Insurance - other		26,247	
Employee development		1,983	
Fuel		27,635	
Repairs and maintenance		19,996	
Printing and postage		2,901	
Departmental supplies		7,643	
Computers and small equipment		41,991	
Capital outlay		61,426	
Uniforms		6,894	
Marine patrol		6,092	
USDOJ/Vest grant		2,654	
Miscellaneous		7,114	
	<u>1,662,749</u>	<u>1,576,332</u>	<u>86,417</u>
Fire/EMS:			
Salaries and employee benefits		1,142,507	
Insurance-other		22,145	
Communication maintenance		4,344	
Employee development		3,732	
Fuel		7,143	
Equipment maintenance		3,324	
Capital outlay		64,841	
Postage		2,477	
Departmental supplies		30,358	
Fire prevention supplies		317	
Uniforms		7,321	
Vehicle maintenance		25,632	
EMS Collections		3,920	
Rescue supplies		20,622	
Computers and small equipment		7,921	
Miscellaneous		8,386	
	<u>1,378,057</u>	<u>1,354,990</u>	<u>23,067</u>

**Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Building inspection			
Salaries and employee benefits		53,271	
Insurance - other		1,485	
Contract services		60,096	
Employee development		2,360	
Fuel		23	
Equipment maintenance		34	
Department supplies		5,864	
Miscellaneous		1,038	
	<u>125,974</u>	<u>124,171</u>	<u>1,803</u>
Rescue units:			
Departmental supplies		5,402	
Miscellaneous		958	
	<u>8,512</u>	<u>6,360</u>	<u>2,152</u>
Lifeguards:			
Salaries and employee benefits		43,154	
Departmental supplies		7,001	
Uniforms		2,409	
Miscellaneous		3,576	
	<u>61,876</u>	<u>56,140</u>	<u>5,736</u>
Total public safety	<u>3,237,168</u>	<u>3,117,993</u>	<u>119,175</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits and benefits		259,923	
Repairs and maintenance		878	
Paving/patching		36,488	
Traffic control devices		4,934	
Capital outlay		14,341	
Sidewalks		13,120	
Drainage		365,839	
Miscellaneous		322	
	<u>704,952</u>	<u>695,845</u>	<u>9,107</u>
Total transportation	<u>704,952</u>	<u>695,845</u>	<u>9,107</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Solid waste:			
Salaries and employee benefits		53,597	
Fuel		6,088	
Landfill		111,139	
Contract services		325,145	
Supplies		23,473	
Vehicle maintenance		6,755	
Other Insurance		2,457	
	<u>543,640</u>	<u>528,654</u>	<u>14,986</u>
Total environmental protection	<u>543,640</u>	<u>528,654</u>	<u>14,986</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits		162,867	
Insurance - other		1,512	
Advertising		1,218	
Contracted services		22,163	
Employee development		3,446	
Telephone and postage		1,943	
Departmental supplies		767	
Miscellaneous		1,073	
	<u>223,985</u>	<u>194,989</u>	<u>28,996</u>
Total economic and physical development	<u>223,985</u>	<u>194,989</u>	<u>28,996</u>
Public Services:			
Beach Access			
Salaries and employee benefits		8,328	
Parking supplies		12,585	
Building maintenance		5,322	
Department supplies		17,168	
Janitorial supplies		2,995	
Miscellaneous		29,048	
	<u>93,200</u>	<u>75,446</u>	<u>17,754</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community Events/Recreation:			
Salaries and employee benefits		102,127	
Contracted services		3,655	
Supplies		29,971	
Community promotions		45,661	
Christmas event		3,040	
Beach music festival		3,179	
Flags and banners		9,800	
Street lights		13,887	
Miscellaneous		26,298	
	<u>262,382</u>	<u>237,618</u>	<u>24,764</u>
Total public services	<u>355,582</u>	<u>313,064</u>	<u>42,518</u>
Debt retirement:			
Principal		337,315	
Interest		15,941	
	<u>353,302</u>	<u>353,256</u>	<u>46</u>
Contingency	-	-	-
Total expenditures	<u>7,474,411</u>	<u>6,997,881</u>	<u>476,530</u>
Revenue over (under) expenditures	<u>(885,226)</u>	<u>(172,091)</u>	<u>713,135</u>
Other financing sources			
Transfers from other funds:			
Public utilities fund		502,728	
Transfers to other funds:			
Beach nourishment		(257,926)	
Insurance proceeds		42,976	
Total other financing sources (uses)	<u>\$ 339,207</u>	<u>\$ 287,778</u>	<u>\$ (51,429)</u>
Fund balance appropriated	<u>546,019</u>	<u>-</u>	<u>546,019</u>
Net Change in fund balance	<u>\$ -</u>	115,687	<u>\$ 115,687</u>
Fund balances, beginning		4,243,451	
Fund balances, ending		<u>\$ 4,359,138</u>	

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Town of Atlantic Beach, North Carolina
Post-Florence Renourishment
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual			Variance
		Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Carteret County Funding	\$ 8,040,925	\$ -	7,661,504	\$ 7,661,504	\$ 379,421
Interest earned	-	-	-	-	-
Total revenue	<u>8,040,925</u>	<u>-</u>	<u>7,661,504</u>	<u>7,661,504</u>	<u>379,421</u>
Expenditures:					
Economic and physical development:					
Engineering Fees	500,000	-	450,045	450,045	49,955
Contingencies	284,110	-	-	-	284,110
Mobilization	1,380,650	-	1,380,650	1,380,650	-
Pumping & Placement	5,564,000	-	5,543,159	5,543,159	20,841
Dune Planting	175,150	-	175,150	175,150	-
Trawling	137,015	-	112,500	112,500	24,515
Total expenditures	<u>8,040,925</u>	<u>-</u>	<u>7,661,504</u>	<u>7,661,504</u>	<u>379,421</u>
Other financing sources/(uses):					
Transfer (to)/from General Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

Town of Atlantic Beach, North Carolina
Capital Projects Fund - Non Major Governmental Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Interest income	\$ -	\$ 67,868	2,308	\$ 70,176
Occupancy tax income	130,120	100,000	-	100,000
Total revenue	<u>130,120</u>	<u>167,868</u>	<u>2,308</u>	<u>170,176</u>
Other financing sources/(uses):				
Transfer (to)/from General Fund	<u>(130,120)</u>	<u>26,354</u>	<u>179,254</u>	<u>205,608</u>
Total other financing sources (uses)	<u>(130,120)</u>	<u>26,354</u>	<u>179,254</u>	<u>205,608</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 194,222</u>	<u>\$ 181,562</u>	<u>\$ 375,784</u>
Fund balance, beginning			<u>194,222</u>	
Fund balance, ending			<u>\$ 375,784</u>	

ENTERPRISE FUNDS

Town of Atlantic Beach, North Carolina
Enterprise Fund - Public Utilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
Non-GAAP
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Utility Charges	\$ 1,224,255	\$ 1,237,714	\$ 13,459
Total operating revenues	<u>1,224,255</u>	<u>1,237,714</u>	<u>13,459</u>
Non-operating revenues:			
Interest earnings		16,531	
Availability fees		4,933	
Fire hydrants		5,400	
Late fees		22,681	
Storm water fees		442,232	
Connection fees		13,438	
Water capacity use fees		78,970	
Other		81	
Total non-operating revenues	<u>669,354</u>	<u>584,266</u>	<u>(85,088)</u>
Total revenues	<u>1,893,609</u>	<u>1,821,980</u>	<u>(71,629)</u>
Expenditures:			
Administration:			
Salaries		260,376	
Social Security		19,553	
Retirement		60,546	
Pension		12,912	
Insurance - health		41,257	
Workman's comp		7,302	
Communication		13,648	
Employee development		1,962	
Dues		4,619	
Professional Services		8,455	
Computers and small equipment		29,549	
Other		3,152	
Total administration	<u>533,619</u>	<u>463,331</u>	<u>70,288</u>

Town of Atlantic Beach, North Carolina
Enterprise Fund - Public Utilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
Non-GAAP
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Water treatment and distribution:			
Contracted services - maintenance		63,057	
Fuel		11,334	
Lab Analysis		21,460	
Repairs and maintenance - equipment		27,994	
Insurance - other		39,645	
Postage		14,644	
Utilities		64,404	
Building Maintenance		38,973	
Supplies - for operations		18,220	
Chemicals		105,010	
Supplies - for inventory		40,420	
Uniforms		2,869	
Other		298	
Vehicle maintenance		439	
Professional services		400,000	
Total water treatment and distribution	<u>868,925</u>	<u>848,767</u>	<u>20,158</u>
Debt Services:			
Principal retirement		34,804	
Interest		4,369	
Total debt services	<u>39,360</u>	<u>39,173</u>	<u>187</u>
Capital outlay:			
Total capital outlay	<u>70,920</u>	<u>70,778</u>	<u>142</u>
Total expenditures	<u>1,512,824</u>	<u>1,422,049</u>	<u>90,775</u>
Revenue over (under) expenditures	<u>380,785</u>	<u>399,931</u>	<u>19,146</u>

Town of Atlantic Beach, North Carolina
Enterprise Fund - Public Utilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
Non-GAAP
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Other Financing Sources/(Uses)			
Proceeds from sale of assets	5,000	8,867	3,867
Fund balance appropriated	38,271	-	(38,271)
Transfer to General Fund	(424,056)	(424,056)	-
Total other financing (uses)	(380,785)	(415,189)	(34,404)
Revenues under expenditures and other financing sources (uses)	\$ -	(15,258)	\$ (15,258)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		70,778	
Principal payments		34,804	
Depreciation		(171,990)	
Change in accrued vacation pay		(781)	
(Increase) decrease in net pension liability		(12,126)	
Increase (decrease) in deferred outflows of resources for pensions		(11,474)	
(Increase) decrease in deferred inflows of resources for pensions		(4,569)	
Change in accrued OPEB		(2,207)	
Total reconciling items		(62,761)	
Change in net position		\$ (78,019)	

OTHER SCHEDULES

This section includes additional information on property taxes, transfers, and cash and investments.

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

**Town of Atlantic Beach, North Carolina
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2020**

<u>Fiscal Year</u>	<u>Uncollected Balance July 01, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 2,825,433	\$ 2,820,361	\$ 5,072
2018-2019	2,412	-	2,301	111
2017-2018	798	-	695	103
2016-2017	122	-	100	22
2015-2016	42	-	42	-
2014-2015	51	-	43	8
2013-2014	13	-	13	-
2012-2013	48	-	48	-
2011-2012	16	-	16	-
2010-2011	84	-	84	-
2009-2010	573	-	573	-
	<u>\$ 4,159</u>	<u>\$ 2,825,433</u>	<u>\$ 2,824,276</u>	<u>\$ 5,316</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 2,825,248
Reconciling items:	
Interest collected	(6,229)
Taxes written off	5,257

Total ad valorem collections	<u>\$ 2,824,276</u>
------------------------------	---------------------

**Town of Atlantic Beach, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current year's rate	\$ 1,605,103,333	0.180	\$ 2,889,186	\$ 2,830,982	\$ 58,204
Total	<u>1,605,103,333</u>		<u>2,889,186</u>	<u>2,830,982</u>	<u>58,204</u>
Discoveries:					
Current year taxes	6,608,889	0.180	\$ 11,896	\$ 11,896	-
Total	<u>1,611,712,222</u>		<u>2,901,082</u>	<u>2,842,878</u>	<u>58,204</u>
Releases:					
Total property valuation	(42,027,222)	0.180	(75,649)	(75,649)	-
	<u>\$ 1,569,685,000</u>				
Net levy			2,825,433	2,767,229	58,204
Uncollected taxes at June 30, 2020			<u>(5,072)</u>	<u>(5,072)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,820,361</u>	<u>\$ 2,762,157</u>	<u>\$ 58,204</u>
Current levy collection percentage			<u>99.82%</u>	<u>99.82%</u>	<u>100.00%</u>

**Town of Atlantic Beach
Net Position by Activity
Governmental and Business Type Functions
Last Ten Years**

Table 1

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net position:										
Net investment in capital assets	\$ 10,473,528	\$ 9,889,457	\$ 9,623,001	\$ 9,460,931	\$ 7,233,720	\$ 5,790,759	\$ 5,190,369	\$ 4,006,135	\$ 3,556,987	\$ 3,197,982
Restricted - Streets -P.Bill	326,125	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533	167,736
Restricted - State Statute	626,740	920,792	466,144	546,284	522,930	486,513	405,933	351,456	354,059	391,994
Unrestricted	1,640,364	1,415,441	1,381,771	2,139,816	3,697,071	4,360,854	4,099,790	4,877,637	4,932,707	4,901,359
Total net position	<u>\$ 13,066,757</u>	<u>\$ 12,556,240</u>	<u>\$ 11,738,754</u>	<u>\$ 12,390,858</u>	<u>\$ 11,638,302</u>	<u>\$ 10,762,815</u>	<u>\$ 9,760,551</u>	<u>\$ 9,420,535</u>	<u>\$ 9,000,286</u>	<u>\$ 8,659,071</u>
Business Type Activities										
Net position:										
Invested in capital assets, net of related debt	\$ 2,355,550	\$ 2,421,958	\$ 2,483,094	\$ 2,586,059	\$ 2,627,726	\$ 2,639,622	\$ 2,849,277	\$ 2,923,729	\$ 3,037,055	\$ 3,060,385
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,334,672	1,346,283	1,323,752	1,270,412	1,588,398	1,668,060	1,714,055	1,951,590	2,215,488	2,334,469
Total net position	<u>\$ 3,690,222</u>	<u>\$ 3,768,241</u>	<u>\$ 3,806,846</u>	<u>\$ 3,856,471</u>	<u>\$ 4,216,124</u>	<u>\$ 4,307,682</u>	<u>\$ 4,563,332</u>	<u>\$ 4,875,319</u>	<u>\$ 5,252,543</u>	<u>\$ 5,394,854</u>
Total Primary Government										
Net position:										
Invested in capital assets, net of related debt	\$ 12,829,078	\$ 12,311,415	\$ 12,106,095	\$ 12,046,990	\$ 9,861,446	\$ 8,430,381	\$ 8,039,646	\$ 6,929,864	\$ 6,594,042	\$ 6,258,367
Restricted - Streets -P.Bill	326,125	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533	167,736
Restricted - State Statute	626,740	920,792	466,144	546,284	522,930	486,513	405,933	351,456	354,059	391,994
Unrestricted	2,975,036	2,761,724	2,705,523	3,410,228	5,285,469	6,028,914	5,813,845	6,829,227	7,148,195	7,235,828
Total net position	<u>\$ 16,756,979</u>	<u>\$ 16,324,481</u>	<u>\$ 15,545,600</u>	<u>\$ 16,247,329</u>	<u>\$ 15,854,426</u>	<u>\$ 15,070,497</u>	<u>\$ 14,323,883</u>	<u>\$ 14,295,854</u>	<u>\$ 14,252,829</u>	<u>\$ 14,053,925</u>

**Town of Atlantic Beach
Change in Net Position
Governmental Functions
Last Ten Years**

Table 2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Program revenues:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Government	473,612	458,774	246,602	176,750	170,194	160,112	135,328	107,870	105,156	102,922
Public Safety	740,254	536,865	593,458	696,489	645,932	726,246	511,600	532,682	503,019	429,284
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	-	-	-	99,087	82,451	-	-	58,641	60,995	56,476
Environmental Protection	632,847	635,911	620,392	538,977	534,696	531,006	525,441	517,538	518,760	519,316
Cultural and Recreation	91,825	133,696	84,923	-	-	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	8,066,499	1,160,384	166,832	58,699	197,194	302,200	217,777	267,984	266,272	169,915
Capital Grants & Contributions	-	-	-	371,884	487,900	-	-	-	-	80,000
General revenues:										
Property taxes	2,825,954	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669	2,819,505	2,835,564	2,870,414
Other taxes	-	-	66,749	5,395	6,955	1,562	13,951	22,742	23,181	20,699
Unrestricted intergovernmental revenues:										
Local option sales tax	1,196,104	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257	960,118	914,057	829,358
Utilities sales tax	308,166	317,054	305,925	304,233	324,601	309,061	205,112	188,339	184,028	208,444
Cable vision franchise tax	74,331	77,328	83,160	87,061	87,123	92,565	90,306	92,300	94,653	124,288
Telecommunications sales tax	23,195	28,430	30,995	33,801	34,098	40,513	42,142	44,151	47,493	48,468
Other intergovernmental revenues	7,587	7,517	10,956	11,084	10,919	11,677	11,090	10,930	11,475	12,139
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	(138)
Other	92,910	145,163	76,703	27,811	15,014	103,838	27,946	55,431	26,372	29,298
Total Revenues	14,533,284	7,317,776	5,992,616	6,068,674	6,189,633	6,053,800	5,511,619	5,678,231	5,591,025	5,500,883
Expenses:										
General Government	1,910,570	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997	1,068,784	1,187,227	1,168,657
Public Safety	3,263,742	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342	2,888,154	3,093,509	3,007,024
Transportation	799,067	389,025	568,436	690,001	603,668	528,964	466,616	531,179	478,512	624,524
Economic & Physical Development	7,545,851	172,005	146,868	408,935	95,982	15,616	111,892	99,748	114,032	90,149
Environmental Protection	541,213	813,324	488,961	149,295	482,931	445,113	468,563	443,724	437,892	319,445
Cultural and Recreation	370,263	329,544	386,532	509,490	236,053	168,692	478,995	301,301	205,558	100,741
Interest on Long-Term Debt	16,117	15,381	22,218	29,050	34,327	42,337	49,099	81,425	103,169	127,753
Water	-	-	-	-	-	-	-	-	-	-
Total Expenses	14,446,823	6,711,448	5,713,551	6,032,591	5,572,792	5,017,210	5,274,504	5,414,315	5,619,899	5,438,293
Increase (decrease) in net position before transfers	86,461	606,328	279,065	36,083	616,841	1,036,590	237,115	263,916	(28,874)	62,590
Transfers	424,056	211,158	306,200	914,000	258,646	365,025	102,900	156,333	370,089	376,413
Increase (decrease) in net position	\$ 510,517	\$ 817,486	\$ 585,265	\$ 950,083	\$ 875,487	\$ 1,401,615	\$ 340,016	\$ 420,249	\$ 341,215	\$ 439,003

**Town of Atlantic Beach
Change in Net Position
Business Type Activities
Last Ten Years**

Table 2.1

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Program revenues:										
Charges for services-Water	\$ 1,814,316	\$ 1,524,792	\$ 1,634,484	\$ 1,790,537	\$ 1,448,973	\$ 1,435,891	\$ 1,188,448	\$ 1,133,273	\$ 1,150,477	\$ 1,206,785
Operating grants and contribution	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	-
General revenues:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues:										
Local option sales tax	-	-	-	-	-	-	-	-	-	-
Carteret County ABC revenue	-	-	-	-	-	-	-	-	-	-
Utilities franchise tax	-	-	-	-	-	-	-	-	-	-
Cable vision franchise tax	-	-	-	-	-	-	-	-	-	-
Telecommunications sales tax	-	-	-	-	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Other	16,530	23,893	11,321	4,607	4,011	5,161	6,347	7,085	8,840	11,006
Total Revenues	1,830,846	1,548,685	1,645,805	1,795,144	1,452,984	1,441,052	1,194,795	1,140,358	1,159,317	1,217,791
Expenses:										
General Government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and Physical Developmer	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539	927,113
Total Expenses	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539	927,113
Increase (decrease) in net position before transfers	346,037	172,553	350,132	554,347	167,088	144,102	(209,087)	(220,891)	227,778	290,678
Transfers	(424,056)	(211,158)	(306,200)	(914,000)	(258,646)	(365,025)	(102,900)	(156,333)	(370,089)	(376,413)
Increase (decrease) in net position after transfers	\$ (78,019)	\$ (38,605)	\$ 43,932	\$ (359,653)	\$ (91,558)	\$ (220,923)	\$ (311,987)	\$ (377,224)	\$ (142,311)	\$ (85,735)

**Town of Atlantic Beach
Change in Net Position
Total Primary Government
Last Ten Years**

Table 2.2

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Program revenues:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Government	473,612	458,774	246,602	176,750	170,194	160,112	135,328	107,870	105,156	102,922
Public Safety	740,254	536,865	593,458	696,489	645,932	726,246	511,600	532,682	503,019	429,284
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	-	-	-	99,087	82,451	-	-	58,641	60,995	56,476
Environmental Protection	632,847	635,911	620,392	538,977	534,696	531,006	525,441	517,538	518,760	519,316
Cultural and Recreation	91,825	133,696	84,923	-	-	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,814,316	1,524,792	1,634,484	1,790,537	1,448,973	1,435,891	1,188,448	1,133,273	1,150,477	1,206,785
Operating grants and contributions	8,066,499	1,160,384	166,832	58,699	197,194	302,200	217,777	267,984	266,272	169,915
Capital Grants & Contributions	-	-	-	371,884	487,900	-	-	-	-	80,000
General revenues:										
Property taxes	2,825,954	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669	2,819,505	2,835,564	2,870,414
Other taxes	-	-	66,749	5,395	6,955	1,562	13,951	22,742	23,181	20,699
Unrestricted intergovernmental revenues:										
Local option sales tax	1,196,104	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257	960,118	914,057	829,358
Utilities franchise tax	308,166	317,054	305,925	304,233	324,601	309,061	205,112	188,339	184,028	208,444
Cable vision franchise tax	74,331	77,328	83,160	87,061	87,123	92,565	90,306	92,300	94,653	124,288
Telecommunications sales tax	23,195	28,430	30,995	33,801	34,098	40,513	42,142	44,151	47,493	48,468
Other intergovernmental revenues	7,587	7,517	10,956	11,084	10,919	11,677	11,090	10,930	11,475	12,139
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	(138)
Other	109,440	169,056	88,024	32,418	19,025	108,999	34,293	62,516	35,212	40,304
Total Revenues	16,364,130	8,866,461	7,638,421	7,863,818	7,642,617	7,494,852	6,706,414	6,818,589	6,750,342	6,718,674
Expenses:										
General Government	1,910,570	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997	1,068,784	1,187,227	1,168,657
Public safety	3,263,742	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342	2,888,154	3,093,509	3,007,024
Transportation	799,067	389,025	568,436	690,001	603,668	528,964	466,616	531,179	478,512	624,524
Economic and Physical Development	7,545,851	172,005	146,868	408,935	95,982	15,616	111,892	99,748	114,032	90,149
Environmental Protection	541,213	813,324	488,961	149,295	482,931	445,113	468,563	443,724	437,892	319,445
Cultural and Recreation	370,263	329,544	386,532	509,490	236,053	168,692	478,995	301,301	205,558	100,741
Interest on Long-Term Debt	16,117	15,381	22,218	29,050	34,327	42,337	49,099	81,425	103,169	127,753
Water	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539	927,113
Total Expenses	15,931,632	8,087,580	7,009,224	7,273,388	6,858,688	6,314,160	6,678,386	6,775,564	6,551,438	6,365,406
Increase (decrease) in net position before transfers	432,498	778,881	629,197	590,430	783,929	1,180,692	28,028	43,025	198,904	353,268
Transfers										
Increase (decrease) in net position after transfers	\$ 432,498	\$ 778,881	\$ 629,197	\$ 590,430	\$ 783,929	\$ 1,180,692	\$ 28,029	\$ 43,025	\$ 198,904	\$ 353,268

Town of Atlantic Beach
Fund Balances of Government Funds
Last Ten Years

Table 3

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted for:										
State statute	\$ 626,740	\$ 920,792	\$ 466,144	\$ 546,284	\$ 522,930	\$ 486,513	\$ 405,933	\$ 351,456	\$ 354,059	\$ 391,994
Streets Powell bill	326,125	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533	167,736
Unassigned, General Fund	3,406,273	2,992,109	2,899,567	2,584,031	3,909,063	4,707,935	4,342,286	5,115,741	5,024,380	4,961,504
Assigned - Subsequent Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Total	4,359,138	4,243,451	3,633,549	3,374,142	4,616,574	5,319,137	4,812,678	5,652,504	5,534,972	5,521,234
All other Governmental Funds										
Assigned, reported in:										
Beach Renourishment	375,784	194,222	219,175	217,007	216,485	215,967	236,473	235,828	338,035	336,902
Total Fund Balances of Governmental Funds	\$ 4,734,922	\$ 4,437,673	\$ 3,852,724	\$ 3,591,149	\$ 4,833,059	\$ 5,535,104	\$ 5,049,151	\$ 5,888,332	\$ 5,873,007	\$ 5,858,136

Town of Atlantic Beach
Changes in Fund Balances in Government Funds
Last Ten Years

Table 4

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Ad valorem taxes	\$ 2,825,248	\$ 2,645,079	\$ 2,619,334	\$ 2,594,908	\$ 2,559,319	\$ 2,748,662	\$ 2,750,085	\$ 2,827,985	\$ 2,814,843	\$ 2,871,282
Other taxes and licenses	-	-	-	5,395	6,955	1,562	13,951	22,742	23,181	20,699
Unrestricted intergovernmental	1,777,012	1,761,755	1,682,535	1,675,790	1,663,809	1,651,201	1,464,235	1,403,708	1,356,862	1,325,619
Restricted intergovernmental	8,079,799	1,190,484	114,492	430,583	686,895	177,662	99,986	260,084	257,236	239,374
Permits and fees	453,759	271,480	309,621	280,887	270,312	379,055	159,201	158,723	118,539	122,504
Sales and services	1,103,020	1,109,091	1,075,434	960,372	904,391	907,169	882,823	906,816	876,180	846,075
Investment earnings	49,934	67,016	28,752	13,768	8,896	8,114	9,434	15,735	25,239	24,355
Miscellaneous	200,830	197,142	129,136	93,294	86,576	95,566	112,809	56,792	78,610	47,038
Total revenues	14,489,602	7,242,047	5,959,304	6,054,997	6,187,153	5,968,991	5,492,524	5,652,585	5,550,690	5,496,946
EXPENDITURES										
Current:										
General government	1,695,505	1,610,860	1,203,976	1,140,399	1,247,370	1,030,216	985,726	1,009,350	1,139,634	1,120,438
Public safety	2,991,726	3,120,691	2,893,960	2,954,692	2,815,623	2,729,138	2,721,876	2,688,525	2,877,657	2,801,622
Transportation	314,476	449,348	443,292	1,042,595	474,525	561,307	479,020	512,795	469,745	501,367
Environmental Protection	528,654	802,133	462,519	452,712	456,520	471,181	458,579	443,423	436,142	427,808
Economic & Physical Development	7,856,493	172,510	147,520	132,999	123,895	92,852	90,427	95,130	113,027	89,577
Public Services	313,064	126,226	307,421	433,124	249,100	168,692	201,953	276,865	200,321	92,396
Capital outlay	606,211	430,580	196,467	1,679,934	1,398,275	502,222	1,111,282	779,645	134,285	320,122
Debt service:										
Principal	337,315	320,361	358,748	357,181	355,660	354,155	352,676	300,734	446,717	344,717
Interest and other charges	15,941	17,656	24,493	31,313	38,087	44,846	51,578	92,391	107,995	140,428
Total expenditures	14,659,385	7,050,365	6,038,396	8,224,949	7,159,055	5,954,609	6,453,117	6,198,858	5,925,523	5,838,475
Revenue over (under) expenditures	(169,783)	191,682	(79,092)	(2,169,952)	(971,902)	14,382	(960,593)	(546,273)	(374,833)	(341,529)
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	424,056	211,158	306,200	914,000	258,646	386,084	102,900	259,510	370,089	376,413
Transfers to/from major funds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	8,573	10,050	10,193	90,978	16,466	41,046	16,890	7,298
Proceeds from insurance proceeds	42,976	57,109	23,726	3,470	500	15,015	1,401	-	1,592	3,598
Proceeds from issuance of debt	-	125,000	-	-	-	-	-	363,249	-	-
Total other financing sources (uses)	467,032	393,267	338,499	927,520	269,339	492,077	120,767	663,805	388,571	387,309
Net change in fund balance	\$ 297,249	\$ 584,949	\$ 259,407	\$ (1,242,432)	\$ (702,563)	\$ 506,459	\$ (839,826)	\$ 117,532	\$ 13,738	\$ 45,780
Debt Service as a percentage of noncapital expenditures	2.51%	5.11%	6.56%	5.94%	6.83%	7.32%	7.87%	7.64%	9.92%	8.94%

Town of Atlantic Beach
Assessed and Estimated Actual Value of Taxable Property and Overlapping Rates
Last Ten Fiscal Years

Table 5

Fiscal Year Ending June 30	Real Property	Personal Property	Public Service Companies	Less Elderly Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value of Real Property
2011	2,223,162,384	46,056,211	5,634,668	1,142,611	2,273,710,652	0.125	2,229,914,353	98.03%
2012	1,579,468,406	44,360,560	5,469,687	823,322	1,628,475,331	0.170	1,776,313,574	109.36%
2013	1,580,538,840	46,548,292	5,258,224	1,308,472	1,631,036,884	0.170	1,778,975,319	109.36%
2014	1,581,876,781	44,062,526	5,070,562	1,324,350	1,629,685,519	0.165	1,762,879,544	108.42%
2015	1,583,650,114	69,565,997	4,887,773	1,324,350	1,656,779,534	0.165	1,789,806,144	108.40%
2016	1,460,634,761	81,552,851	5,402,610	1,096,445	1,546,493,777	0.165	1,545,909,523	99.96%
2017	1,475,519,789	88,241,025	5,481,832	1,143,276	1,568,099,370	0.165	1,555,114,796	99.12%
2018	1,484,089,281	96,081,946	5,503,545	1,170,855	1,584,503,917	0.165	1,562,539,396	98.52%
2019	1,495,293,902	69,543,928	5,577,865	1,209,365	1,569,206,330	0.165	1,475,152,344	93.71%
2020	1,457,167,282	108,227,052	5,622,403	1,305,678	1,569,711,059	0.180	Not available	Not available

Source: Carteret County Tax Scrolls

Notes:

1. The NC General Statutes require a revaluation of real property at least every eight years. Real property is valued at 100% of estimated value as of the date of the latest revaluation. The last revaluation was effective for the fiscal year ending June 30, 2016.
2. Personal property is valued at 100% of estimated value.
3. Public service property is generally valued at 100% of estimated value. It may be valued at less than 100% in years in which the County's sales to assessment ratio on real property is less than 80%.
4. The Town bills and collects property taxes for real, public service, non-registered motor vehicles and personal property. Property taxes for registered motor vehicles on behalf of the Town are billed and collected under the NC Tax & Tag Program. The values reported above include property taxes billed and collected by the Town and North Carolina.

Town of Atlantic Beach
Direct and Overlapping Property Tax Rates
Last Ten Years

Table 6

Fiscal Year Ended <u>June 30</u>	Direct Rate <u>Atlantic Beach</u>	Overlapping Rate <u>Carteret County</u>	Total Direct & Overlapping <u>Rates</u>
2011	0.125	0.23	0.36
2012	0.17	0.30	0.47
2013	0.17	0.29	0.46
2014	0.165	0.29	0.46
2015	0.165	0.30	0.47
2016	0.165	0.30	0.47
2017	0.165	0.31	0.48
2018	0.165	0.31	0.48
2019	0.165	0.31	0.48
2020	0.180	0.31	0.49

Notes:

1. Source of County tax rates - Carteret County tax office

2. Atlantic Beach does not set property tax rates by various components, such as by operations and debt service.

**Town of Atlantic Beach
Principal Property Tax Payers
June 30, 2020**

Table 7

	FY 2020			FY 2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlantic Station Prtnr LLC	10,619,038	1	0.68%	13,153,261	2	0.57%
Dunes Club, Inc	8,168,962	2	0.52%	12,098,865	3	0.53%
Crow Nest Yacht Club, Inc.	6,866,000	3	0.44%	3,928,708	9	0.17%
Coral Bay Club, Inc	6,732,155	4	0.43%	7,972,908	5	0.35%
East Fort Macon Road LLC	6,465,980	5	0.41%			
Atlantic Newport Hospitality LLC	6,442,337	6	0.41%			
J&B East Properties LLC	4,009,441	7	0.26%			
Oceanana Resort LLC	3,940,258	8	0.25%	5,037,466	8	0.22%
Duke Energy Progress Inc	3,342,403	9	0.21%			
Williamson Charles Donald	3,128,515	10	0.20%			
GR&S Atlantic Beach LLC				21,764,283	1	0.95%
Bunn Fred M Etal				8,286,426	4	0.36%
James H Pou Bailey Jr				6,575,163	6	0.29%
Crosswinds of Atlantic Beh LLC				6,034,752	7	0.26%
Ned T Grady Etux Etal				1,951,583	10	0.09%
	<u>\$ 59,715,089</u>		<u>3.80%</u>	<u>\$ 86,803,415</u>		<u>3.79%</u>

**Town of Atlantic Beach
Property Tax Levies, Collections and Credits
Last Ten Years**

Table 8

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount Collected</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2011	2,842,798	2,833,036	99.66%	9,622	2,842,658	100.00%
2012	2,769,501	2,748,169	99.23%	18,855	2,767,024	99.91%
2013	2,777,939	2,767,352	99.62%	8,207	2,775,559	99.91%
2014	2,696,648	2,687,724	99.67%	8,583	2,696,308	99.99%
2015	2,692,663	2,688,525	99.85%	3,804	2,692,329	99.99%
2016	2,506,890	2,502,007	99.81%	3,842	2,505,848	99.96%
2017	2,543,583	2,538,710	99.81%	3,421	2,542,132	99.94%
2018	2,566,717	2,562,004	99.82%	3,492	2,565,496	99.95%
2019	2,588,647	2,586,235	99.91%	1,567	2,587,802	99.97%
2020	2,767,229	2,762,157	99.82%	0	2,762,157	99.82%

Source: Town of Atlantic Beach Tax Reports

Town of Atlantic Beach
Computation of Legal Debt Margin
June 30, 2020

Table 9

Total Assessed Valuation	\$ 1,569,685,000
Legal Debt Margin:	
Debt Limit 8% of Total Assessed Value	125,574,800
Amount of Debt Applicable to Debt Limit	<u>375,653</u>
Legal Debt Margin	<u><u>\$ 125,199,147</u></u>

Town of Atlantic Beach
Computation of Direct and Overlapping Debt
June 30, 2020

Table 10

	Long-Term Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	\$ 712,968	100%	\$ 712,968
Overlapping:			
Carteret County	25,685,138	10.37%	2,663,392
	\$ 26,398,106		\$ 3,376,360

Town's assessed valuation	\$ 1,569,685,000		
County's assessed valuation	\$ 15,137,678,386		
		10.37%	

Notes:

The percentage of indebtedness of the town's overlapping political units is determined by dividing the town's assessed valuation by the total assessed valuation of the county.

Town of Atlantic Beach
Ratios of General Bonded Debt Outstanding
Last Ten Years

Table 11

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>	<u>Population Estimate (1)</u>	<u>GO Debt Per Capita</u>
2011	0	1,495	0
2012	0	1,506	0
2013	0	1,504	0
2014	0	1,517	0
2015	0	1,510	0
2016	0	1,511	0
2017	0	1,501	0
2018	0	1,497	0
2019	0	1,499	0
2020	0	1,495	0

Notes:

1. NCOSBM Certified Municipal Population Estimates

Town of Atlantic Beach
Ratios of Outstanding Debt by Type
Last Ten Years

Table 12

Fiscal Year Ended June 30,	Governmental Activities		Business Type Activities		Total Primary Government	Population Estimate (1)	Total Debt Per Capita	Personal Income (2)	<u>Total Debt</u> <u>% of Personal</u> <u>Income</u>
	<u>General Bonded</u> <u>Debt Outstanding</u>	<u>Installment</u> <u>Contracts</u>	<u>General Bonded</u> <u>Debt Outstanding</u>	<u>Installment</u> <u>Contracts</u>					
2011	-	3,070,948	-	-	3,070,948	1,495	2,054	2,639,299	0.12%
2012	-	2,624,231	-	-	2,624,231	1,506	1,743	2,824,360	0.09%
2013	-	2,686,746	-	-	2,686,746	1,504	1,786	2,888,870	0.09%
2014	-	2,334,070	-	-	2,334,070	1,517	1,539	3,021,043	0.08%
2015	-	1,979,915	-	-	1,979,915	1,510	1,311	3,044,352	0.07%
2016	-	1,624,255	-	-	1,624,255	1,511	1,075	3,172,812	0.05%
2017	-	1,267,075	-	250,000	1,517,075	1,501	1,011	3,297,436	0.05%
2018	-	908,329	-	216,866	1,125,195	1,497	752	3,431,692	0.03%
2019	-	712,968	-	182,907	895,875	1,499	598	N/A	N/A
2020	-	375,653	-	148,103	523,756	1,495	350	N/A	N/A

Notes:

1. NCOSBM Certified Municipal Population Estimates
2. US Bureau of Economic Analysis. Information is available at the county level and presented on that basis. (In thousands)

**Town of Atlantic Beach
Demographic and Economic Information
Last Ten Years**

Table 13

Fiscal Year Ended <u>June 30,</u>	<u>Estimated Population (1)</u>	<u>Unemployment Ratio % (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Personal Income (3)</u>
2011	1,495	8.5	39,174	2,639,299
2012	1,506	9.3	41,761	2,824,360
2013	1,504	8.5	42,214	2,888,870
2014	1,517	5.5	43,903	3,021,043
2015	1,510	6.0	44,199	3,044,352
2016	1,511	4.8	46,056	3,172,812
2017	1,501	3.9	47,871	3,297,436
2018	1,497	4.0	49,360	3,431,692
2019	1,499	4.6	N/A	N/A
2020	1,495	5.7	N/A	N/A

Notes:

1. NCOSBM Certified Municipal Population Estimates
2. Employment Security Commission. Information is available at the county level and presented on that basis.
3. US Bureau of Economic Analysis. Information is available at the county level and presented on that basis. (In thousands, not adjusted for inflation)
4. N/A - information not yet available for the year listed.

**Town of Atlantic Beach
Principal Employers
June 30, 2019**

Table 14

<u>Employer</u>	Calendar Year 2019			Calendar Year 2010		
	Employees (FTE's)	Rank	Percentage of Total Employment	Employees (FTE's)	Rank	Percentage of Total Employment
Carteret County Board of Education	1000+	1	N/A	1000+	1	N/A
Carteret Health Care	1000+	2	N/A	1000+	2	N/A
County of Carteret	500-999	3	N/A	250-499	3	N/A
Wal-Mart Associates, Inc	250-499	4	N/A	250-499	4	N/A
Lowes Home Improvement	250-499	5	N/A			
Carteret Community College	250-499	6	N/A	250-499	5	N/A
Food Lion, LLC	250-499	7	N/A	100-249	8	N/A
Bally Refrigerated Boxes Inc	100-249	8	N/A			
Town of Morehead City	100-249	9	N/A			
McDonalds	100-249	10	N/A	100-249	10	N/A
SSA Security Inc				250-499	6	N/A
State of North Carolina				250-499	7	N/A
Big Rock Sports LLC				100-249	9	N/A

Notes:

1. 2019 was most recent year for which information is available and includes full-time and part-time workers.
2. Source of information is the Employment Security Commission of North Carolina. Information is available at the county level and presented on that basis.
3. N/A = Information not available.

Town of Atlantic Beach
Full-Time Equivalent Town Government Employees by Function/Programs
Last Ten Years

Table 15

Functions/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	3	3	3	3	3	3	3	3	3	3
Public Buildings (1)	8	8	8	8	8	8	8	8	8	7
Public Safety:										
Police	17	17	18	18	18	18	18	18	19	19
Communications	0	0	0	0	0	0	0	0	0	0
Fire/EMS	14	14	14	14	14	14	14	14	14	14
Inspections	1	1	1	2	2	3	2	2	2	3
Transportation:										
Streets and Highways (1)	8	8	8	8	8	8	8	8	8	8
Economic & Physical Development										
Planning	2	2	2	2	2	1	1	1	1	1
Environmental Protection:										
Solid Waste	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation:										
Parks and Recreation	1	1	0	0	0	0	0	0	0	0
Water:										
Operations	4	4	4	4	4	4	4	4	4	4
Total	62	62	62	63	63	63	62	62	63	63

Notes:

1. Work-release inmates and contract-labor inmates included in FTE calculations

Town of Atlantic Beach
Operating Indicators by Function/Programs
Last Ten Years

Table 16

Functions/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Safety:										
Police calls answered	36,118	30,423	19,588	43,688	54,639	61,646	52,325	30,462	36,382	33,248
Fire calls answered	419	675	521	633	633	823	734	574	614	395
EMS calls answered	525	665	617	651	632	518	548	509	500	494
Lifeguard calls answered	131	160	119	130	82	235	241	154	133	245
Transportation: (Streets & Highways)										
Miles of streets maintained	23.45	23.45	23.45	23.45	23.43	23.43	23.43	22.93	22.93	22.93
Environmental Protection: (Solid Waste & Sanitation)										
Solid waste collected (tons)	2,023	1,966	1,605	1,736	1,736	1,553	1,606	1,595	1,726	2,067
Recyclables collected (tons)	288	216	261	231	213	197	215	197	167	205
Yard debris collected (tons)	176	122	197	179	125	351	458	404	434	519
Public beach accesses (improved w/ structures)	20	20	20	20	17	16	16	15	15	15
Public beach accesses (unimproved)	2	2	2	2	3	4	4	4	3	3
Public beachfront maintained (miles)	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water:										
Number of customers served	7,098	7,151	7,160	7,147	7,106	7,089	6,969	6,980	6,984	6,859
Ave. daily consumption - summer (gallons)	692,739	888,148	843,447	770,236	845,710	839,260	857,890	796,674	892,126	1,241,000
Ave. daily consumption - winter (gallons)	363,293	510,016	456,104	380,369	395,732	427,879	414,953	401,830	410,725	349,570

**Town of Atlantic Beach
Capital Asset Statistics by Function/Program
Last Ten Years**

Table 17

Functions/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Public beach accesses (improved w/ structures)	20	20	20	20	17	16	16	15	15	15
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	19	22	20	20	20	20	20	20	20	20
Number of patrol boats	1	2	2	2	2	2	2	2	2	2
Number of fire/EMS stations	1	1	1	1	1	1	1	1	1	1
Number of engines	2	2	2	2	2	2	2	2	2	2
Number of ambulances	2	2	2	2	2	2	2	2	2	2
Number of rescue trucks	1	1	1	1	1	1	1	1	1	1
Number of rescue boats	1	1	1	1	1	1	1	1	1	1
Transportation: (Streets & Highways)										
Miles of streets	23.45	23.45	23.45	23.45	23.43	23.43	23.43	22.93	22.93	22.93
Environmental Protection: (Solid Waste & Sanitation)										
Number of yard waste trucks	2	2	2	2	2	2	2	2	2	2
Number of backhoes	2	2	2	2	2	2	2	2	2	2
Water:										
Number of Wells	7	7	7	7	6	6	6	6	6	6
Number of water tanks	3	3	3	3	3	3	3	3	3	3
Capacity of water tanks (gallons each)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Daily max. pumping capacity of wells (gal/day)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Miles of water mains	50	50	50	50	50	50	50	50	50	50

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 *Governmental Auditing Standards*
- Schedule of Findings and Questioned Costs



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

**Report On Internal Control Over Financial Reporting And On Compliance and Other
Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Atlantic Beach, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Atlantic Beach's basic financial statements, and have issued our report thereon dated October 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Atlantic Beach's internal control over financial reporting (internal control) 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 Atlantic Beach'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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

October 19, 2020

Town of Atlantic Beach, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings

None.

Town of Atlantic Beach, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings

None.