

Town of Atlantic Beach, North Carolina

Annual Comprehensive

Financial Report

For the Fiscal Year Ended June 30, 2023

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Introductory Section

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



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October 23, 2023

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

The Annual Comprehensive Financial Report (ACFR) for the Town of Atlantic Beach, North Carolina, for the fiscal year ended June 30, 2023, 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 Annual Comprehensive 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, 2023. 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 1,388 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 ensure 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 Asbury Ave, Henderson Blvd, Cooper Ave Extension, Davis Blvd, and Glenn St. 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 addressed the need to replace the aging Town Facilities. During FY2016-17, the Town completed the construction of a new Public Services/Water facility. During FY2021-22, the Town completed the construction of a new Public Safety & Administration Complex. Other major initiatives include continuing to improve handicap access at the public beach accesses, with the most recent completed at Doubletree East.

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 2023-24 budget in May 2023. Property taxes provide approximately 45% of the revenues for the General Fund. The property tax rate increased by 1.5 cents to \$0.215 per \$100 valuation. Revenue from sales tax, permits and fees, and sales and services were all projected to remain consistent with prior years. In addition to the tax rate increase, the FY 2023-24 budget included an increase to the beach driving permit fee and the debris & white goods fee.

Major capital purchases and projects during FY2023-24 include two Police Department vehicles, one replacement truck for the Fire Department, and two 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, 2022. This was the twenty-second 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 annual comprehensive 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 annual comprehensive 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,

John O'Daniel

John O'Daniel,
Town Manager

Sarah J. Currie

Sarah J. Currie,
Finance Officer

Town of Atlantic Beach, North Carolina
List of Principal Officials
June 30, 2023

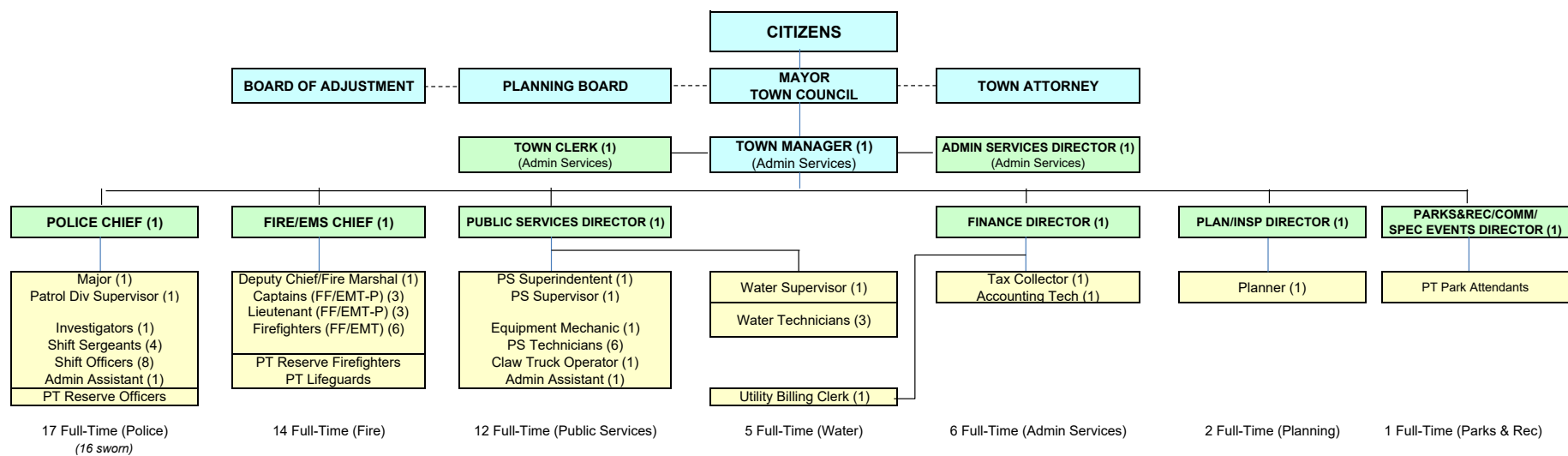
TOWN COUNCIL

Honorable A. B. Cooper, III, Mayor
Austin Waters, Mayor Pro Tem
Renea Baker
Joey Dean
Danny Navey
Joseph Starling

ADMINISTRATION

John O'Daniel, Town Manager
Sarah Currie, Finance Director
Sabrina Simpson, Administrative Services Director
Betty Odham, Tax Collector
Katrina Tyer, Town Clerk
Marc Schulze, Public Services Director
Jeff Harvey, Police Chief
Michael Simpson, Fire Chief
Jennifer Ansell, Planning Director
Morgan Gilbert, Parks & Recreation Director

TOWN OF ATLANTIC BEACH ORGANIZATION CHART



**TOTAL POSITIONS
57 Full-Time**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Atlantic Beach
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section

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



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Independent Auditor's Report

To the Mayor and Members of the Board of Commissioners
Atlantic Beach, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Atlantic Beach's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying 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 Town of Atlantic Beach as of June 30, 2023, and the respective changes in financial position, and cash flows 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Atlantic Beach and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Atlantic Beach's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Atlantic Beach's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Other Post Employment Benefit and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report September 22, 2023, 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Atlantic Beach's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Atlantic Beach's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

September 22, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS



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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, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

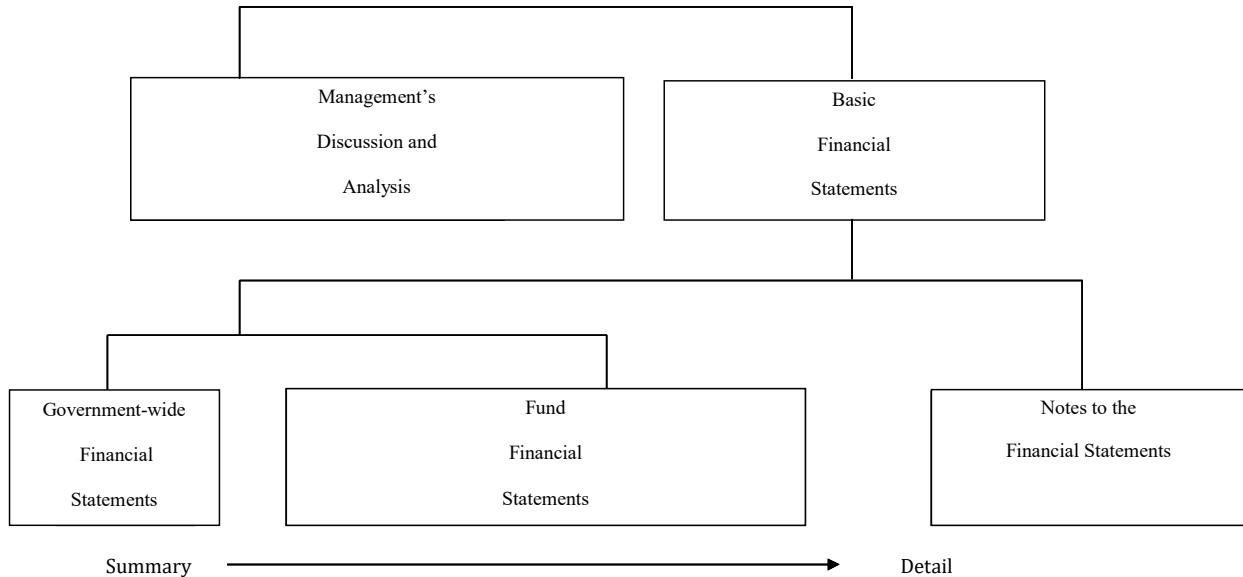
Financial Highlights

- The assets and deferred outflows of resources of Town of Atlantic Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,797,018 (net position).
- The government's total net position increased by \$1,797,585 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 \$6,949,371. Approximately 46% of this total amount or \$3,218,727 is available for spending at the government's discretion (unassigned fund balance) in the general fund. Assigned fund balance in Beach and Waterway Special Revenue Fund totals \$768,028.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,218,727 or 33% of total general fund expenditures (\$9,667,962) for the fiscal year.
- The government's total debt (change in long-term debt) increased by \$2,376,684 during the current fiscal year. The majority of this change is due to a new loan and an increase in Net pension liability.
- 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 7,342,128	\$ 6,309,718	\$ 2,279,784	\$ 2,187,009	\$ 9,621,912	\$ 8,496,727
Capital assets	21,197,994	19,562,842	2,237,730	2,290,105	23,435,724	21,852,947
Total asset	28,540,122	25,872,560	4,517,514	4,477,114	33,057,636	30,349,674
Deferred outflows of resources	2,387,737	1,831,064	198,701	149,146	2,586,438	1,980,210
Long-term liabilities outstanding	11,435,263	9,214,416	341,354	257,551	11,776,617	9,471,967
Other liabilities	1,111,367	1,127,285	189,814	182,949	1,301,181	1,310,234
Total liabilities	12,546,630	10,341,701	531,168	440,500	13,077,798	10,782,201
Deferred inflows of resources	714,829	1,430,183	54,429	118,067	769,258	1,548,250
Net Position:						
Net investment in capital assets	13,735,222	12,880,193	2,199,327	2,214,232	15,934,549	15,094,425
Restricted	881,261	907,580	-	-	881,261	907,580
Unrestricted	3,049,917	2,143,967	1,931,291	1,853,461	4,981,208	3,997,428
Total net position	\$ 17,666,400	\$ 15,931,740	\$ 4,130,618	\$ 4,067,693	\$ 21,797,018	\$ 19,999,433

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 \$21,797,018 as of June 30, 2023. The Town's net position increased by \$1,797,585 for the fiscal year ended June 30, 2023. However, the largest portion (73.10%) 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, \$881,261, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,981,0208 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 99.89%.

Town of Atlantic Beach
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues						
Charges for Services	\$ 1,674,328	\$ 1,837,201	\$ 2,063,442	\$ 1,969,011	\$ 3,737,770	\$ 3,806,212
Operating grants and contributions	238,376	279,479	-	-	238,376	279,479
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	3,833,174	3,734,829	-	-	3,833,174	3,734,829
Other taxes	621,802	-	-	-	621,802	-
Unrestricted intergovernmental revenues:						
Local Option sales tax	1,922,701	1,648,243	-	-	1,922,701	1,648,243
Carteret County ABC revenue	275,657	273,504	-	-	275,657	273,504
Cable vision franchise tax	60,227	66,394	-	-	60,227	66,394
Utilities Franchise sales tax	353,928	320,710	-	-	353,928	320,710
Telecommunications sales tax	17,215	17,441	-	-	17,215	17,441
Other intergovernmental revenues	7,276	95,736	-	-	7,276	95,736
Other	389,625	99,666	52,505	2,652	442,130	102,318
Total revenues	9,394,309	8,373,203	2,115,947	1,971,663	11,510,256	10,344,866
Expenses:						
General government	2,401,153	1,344,126	-	-	2,401,153	1,344,126
Public Safety	3,844,623	3,429,538	-	-	3,844,623	3,429,538
Transportation	150,360	689,913	-	-	150,360	689,913
Economic and physical development	854,629	597,082	-	-	854,629	597,082
Environmental protection	196,246	201,273	-	-	196,246	201,273
Parks and recreation	476,945	471,792	-	-	476,945	471,792
Interest on long-term debt	186,697	239,156	-	-	186,697	239,156
Water	-	-	1,602,018	1,442,538	1,602,018	1,442,538
Total expenses	8,110,653	6,972,880	1,602,018	1,442,538	9,712,671	8,415,418
Increase (decrease) in net position before transfers and special items	1,283,656	1,400,323	513,929	529,125	1,797,585	1,929,448
Transfers	451,004	307,114	(451,004)	(307,114)	-	-
Increase (decrease) in net position	1,734,660	1,707,437	62,925	222,011	1,797,585	1,929,448
Net position, beginning	15,931,740	14,224,303	4,067,693	3,845,682	19,999,433	18,069,985
Net position, ending	\$ 17,666,400	\$ 15,931,740	\$ 4,130,618	\$ 4,067,693	\$ 21,797,018	\$ 19,999,433

Governmental activities. Governmental activities increased the Town's net position by \$1,734,660, whereas the net position in the business-type activities increased by \$62,925. The total increase in net position was \$1,797,585. 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 99.89% 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 increased the Town of Atlantic Beach net position by \$62,925. The increase is due to minimal increase in revenues.

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 \$3,218,727 while total fund balance reached \$6,181,343. 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 \$9,667,962. Unassigned fund balance represents 33% of total General Fund expenditures, while total fund balance represents 64% of that same amount.

At June 30, 2023, the governmental funds of Town of Atlantic Beach reported a combined fund balance of \$6,949,371, an increase of \$1,159,688 from last year. Total fund balance for all governmental funds represents 70% of total Governmental Funds expenditures.

General Fund Budgetary Highlights:

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The final amended budget and actual amounts varied, largely due to uncertainty of economic trends and capital projects and purchases budgeted and in progress, though not completed by June 30, 2023. The Town budgeted conservatively for State-collected revenues because of uncertainty 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 \$356,738 more than the final budget amount, primarily due to receiving higher than expected local sales tax revenue and ABC 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 of capital outlay to the extent possible with while still providing for the completion of large stormwater drainage projects at Glenn St and Asbury Ave areas, replacement of a claw truck, replacement of a ladder truck for the fire department, the replacement of three other town vehicles, beginning a camera system project to provide surveillance of highly trafficked areas throughout town and hosting events to bring more family entertainment opportunities to Atlantic Beach stretching throughout the summer including the music and fireworks during July 4th, several fun family parties at the town park and bi-weekly outdoor movies "by the Sea at the Park". Total General Fund expenditures were approximately \$1,443,934 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 \$1,040,304 less than total revenues, with an increase in unassigned fund balance of \$9,558 while still maintaining an unassigned fund balance of \$3,218,727.

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 \$1,931,291. The total change in net position for the Utility Fund was an increase of \$62,925. Equipment and infrastructure capital improvement needs have been postponed in an attempt to keep the rates as low as possible.

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, 2023, totaled \$23,435,724 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- CIP for Townwide Public Safety Camera System
- 2023 Freightliner Clawtruck
- 2023 Dodge Chargers (2)
- 2022 Ram Tradesman
- Drainage-Glenn St.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,222,967	\$ 5,222,967	\$ 934,400	\$ 934,400	\$ 6,157,367	\$ 6,157,367
Buildings and plant systems	9,566,387	9,785,435	986,939	1,068,086	10,553,326	10,853,521
Infrastructure	3,631,675	3,670,805	-	-	3,631,675	3,670,805
Equipment	537,676	523,615	194,487	213,926	732,163	737,541
Vehicles and motorized equipment	568,983	360,020	121,904	73,693	690,887	433,713
Construction in Progress	1,670,306	-	-	-	1,670,306	-
Total	\$ 21,197,994	\$ 19,562,842	\$ 2,237,730	\$ 2,290,105	\$ 23,435,724	\$ 21,852,947

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, 2023, the Town of Atlantic Beach had total debt outstanding of \$12,492,293. 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	
	2023	2022	2023	2022	2023	2022
Direct Placement Installment purchases	\$ 7,462,772	\$ 6,682,649	\$ 38,403	\$ 75,873	\$ 7,501,175	\$ 6,758,522
Compensated Absences	226,694	218,841	24,683	32,319	251,377	251,160
Net Pension liability (LEO)	531,353	590,655	-	-	531,353	590,655
Net Pension liability (LGERS)	2,327,247	638,295	202,369	55,504	2,529,616	693,799
Total OPEB Liability	1,544,470	1,675,755	134,302	145,718	1,678,772	1,821,473
Total	\$ 12,092,536	\$ 9,806,195	\$ 399,757	\$ 309,414	\$ 12,492,293	\$ 10,115,609

The Town of Atlantic Beach's total installment debt increased by \$742,653 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 \$145,625,508. 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 3.3%, which is below both the State average of 3.6% and the national average of 3.8%.
- 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, 2024

Governmental Activities

The Town of Atlantic Beach budget for the Fiscal Year Ending June 30, 2024 totals \$10,585,150 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 limited for the 2023-2024 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 a replacement Fire Department truck. No fund balance monies were appropriated in the General Fund budget for FY2023-2024. The Town intends to continue to increase the Powell Bill reserves, planning for another major repaving project in approximately FY2024-25, using a detailed prioritized list to be created by an engineering firm. The Water Fund capital outlay budget includes two replacement pickup trucks. No fund balance monies were appropriated in the Water Fund budget for FY2023-2024.

Governmental Activities. The Town's largest single source of revenue continues to be generated from ad valorem property taxes, which is \$0.20 per \$100 valuation tax rate on a \$1,913,503,500 tax base. The \$3,841,070 ad valorem property tax revenue comprises approximately 43% 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 schedules 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 John O'Daniel, Town Manager, P.O. Box 10, 125 W Fort Macon Road, Atlantic Beach, NC 28512.

BASIC FINANCIAL STATEMENTS

Town of Atlantic Beach, North Carolina
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,454,888	\$ 1,899,036	\$ 8,353,924
Restricted cash and cash equivalents	232,239	41,628	273,867
Taxes receivables (net)	5,979	-	5,979
Accounts receivable (net)	649,022	263,414	912,436
Inventories	-	75,706	75,706
Total current assets	<u>7,342,128</u>	<u>2,279,784</u>	<u>9,621,912</u>
Non-current assets:			
Capital Assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	6,893,273	934,400	7,827,673
Other capital assets, net of depreciation	14,304,721	1,303,330	15,608,051
Total capital assets	<u>21,197,994</u>	<u>2,237,730</u>	<u>23,435,724</u>
Total assets	<u>28,540,122</u>	<u>4,517,514</u>	<u>33,057,636</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,387,737</u>	<u>198,701</u>	<u>2,586,438</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	386,778	89,783	476,561
Accrued interest payable	63,689	-	63,689
Accrued vacation	125,000	20,000	145,000
Current portion of long term liabilities	535,900	38,403	574,303
Payable from restricted assets	-	41,628	41,628
Total current liabilities	<u>1,111,367</u>	<u>189,814</u>	<u>1,301,181</u>
Long-term liabilities:			
Net pension liability	2,327,247	202,369	2,529,616
Total pension liability	531,353	-	531,353
OPEB liability	1,544,470	134,302	1,678,772
Accrued vacation	105,321	4,683	110,004
Due in more than one year	6,926,872	-	6,926,872
Total long term liabilities	<u>11,435,263</u>	<u>341,354</u>	<u>11,776,617</u>
Total liabilities	<u>12,546,630</u>	<u>531,168</u>	<u>13,077,798</u>
DEFERRED INFLOWS OF RESOURCES	<u>714,829</u>	<u>54,429</u>	<u>769,258</u>
NET POSITION			
Net investment in capital assets	13,735,222	2,199,327	15,934,549
Restricted for:			
Streets - Powell Bill	232,239	-	232,239
Stabilization by State Statute	649,022	-	649,022
Unrestricted	<u>3,049,917</u>	<u>1,931,291</u>	<u>4,981,208</u>
Total net position	<u>\$ 17,666,400</u>	<u>\$ 4,130,618</u>	<u>\$ 21,797,018</u>

**Town of Atlantic Beach, North Carolina
Statement of Activities
For the Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 2,401,153	\$ 265,244		\$ -	\$ (2,135,909)	\$ -	\$ (2,135,909)
Public safety	3,844,623	168,001	40,976	-	(3,635,646)	-	(3,635,646)
Transportation	150,360	307,584	59,112	-	216,336	-	216,336
Economic and physical development	854,629	343,847	124,662	-	(386,120)	-	(386,120)
Environmental protection	196,246	545,836		-	349,590	-	349,590
Cultural and recreation	476,945	43,816	13,626	-	(419,503)	-	(419,503)
Interest on long-term debt	186,697			-	(186,697)	-	(186,697)
Total governmental activities (See Note 1)	8,110,653	1,674,328	238,376	-	(6,197,949)	-	(6,197,949)
Business-type activities:							
Water	1,602,018	2,063,442	-	-	-	461,424	461,424
Total business-type activities	1,602,018	2,063,442	-	-	-	461,424	461,424
Total primary government	\$ 9,712,671	\$ 3,737,770	\$ 238,376	\$ -	(6,197,949)	461,424	(5,736,525)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					3,833,174	-	3,833,174
Local option sales tax					1,922,701	-	1,922,701
Other taxes					714,303	-	714,303
Grants and contributions not restricted to specific programs					481,871	-	481,871
Miscellaneous					392,979	-	392,979
Unrestricted investment earnings					136,577	52,505	189,082
Transfers					451,004	(451,004)	-
Total general revenues, special items, and transfers					7,932,609	(398,499)	7,534,110
Change in net position					1,734,660	62,925	1,797,585
Net position, beginning					15,931,740	4,067,693	19,999,433
Net position, ending					\$ 17,666,400	\$ 4,130,618	\$ 21,797,018

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, 2023**

	Major Funds		Non-Major Fund		Total Governmental Funds
	General Fund	Public Safety & Admin Complex Capital Project Fund	Other Governmental Funds		
ASSETS					
Cash and cash equivalents	\$ 5,685,632	\$ -	\$ 769,256	\$	6,454,888
Restricted cash	232,239	-	-	-	232,239
Receivables, net:					
Taxes	5,979	-	-	-	5,979
Accounts	649,022	-	-	-	649,022
Lease receivable	-	-	-	-	-
Total assets	<u>\$ 6,572,872</u>	<u>\$ -</u>	<u>\$ 769,256</u>	<u>\$</u>	<u>7,342,128</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 385,550	\$ -	\$ 1,228	\$	386,778
Total liabilities	<u>385,550</u>	<u>-</u>	<u>1,228</u>	<u>-</u>	<u>386,778</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	5,979	-	-	-	5,979
Total deferred inflows of resources	<u>5,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,979</u>
FUND BALANCES					
Restricted					
Stabilization by State Statute	649,022	-	-	-	649,022
Streets - Powell Bill	232,239	-	-	-	232,239
Assigned					
Beach and Waterway	-	-	768,028	-	768,028
Committed					
Subsequent year's expenditures	2,081,355	-	-	-	2,081,355
Unassigned	3,218,727	-	-	-	3,218,727
Total fund balances	<u>6,181,343</u>	<u>-</u>	<u>768,028</u>	<u>-</u>	<u>6,949,371</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,572,872</u>	<u>\$ -</u>	<u>\$ 769,256</u>	<u>\$</u>	<u></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.	21,197,994
Net pension liability	(2,327,247)
Total pension liability	(531,353)
OPEB liability	(1,544,470)
Deferred outflows of resources related to pensions are not reported in the funds	2,387,737
Liabilities for earned revenues considered deferred inflows of resources in fund statements	5,979
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(7,462,772)
Compensated absences	(230,321)
Deferred inflows of resources related to pensions are not reported in the funds	(714,829)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	(63,689)
Net position of governmental activities	<u>\$ 17,666,400</u>

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds		Non-Major Fund		Total Governmental Funds
	General Fund	Public Safety & Admin Complex Capital Project Fund	Other Governmental Funds	Total Governmental Funds	
REVENUES					
Ad valorem taxes	3,841,070	\$ -	\$ -	\$ -	3,841,070
Unrestricted intergovernmental	2,637,004	-	-	-	2,637,004
Restricted intergovernmental	238,376	-	481,871	-	720,247
Permits and fees	343,847	-	-	-	343,847
Sales and services	1,330,481	-	-	-	1,330,481
Investment earnings	122,945	20	13,612	-	136,577
Miscellaneous	367,335	-	-	-	367,335
Total revenues	8,881,058	20	495,483	-	9,376,561
EXPENDITURES					
Current:					
General government	2,084,892	71,065	-	-	2,155,957
Public safety	5,086,627	-	-	-	5,086,627
Transportation	404,342	-	-	-	404,342
Environmental protection	775,361	-	-	-	775,361
Economic and physical development	247,793	-	128,850	-	376,643
Public services	457,986	-	-	-	457,986
Debt service:					
Principal	419,877	-	-	-	419,877
Interest and other charges	191,084	-	-	-	191,084
Total expenditures	9,667,962	71,065	128,850	-	9,867,877
Excess (deficiency) of revenues over expenditures	(786,904)	(71,045)	366,633	-	(491,316)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	1,200,000	-	-	-	1,200,000
Transfers to other funds	968,665	-	-	-	968,665
Transfers from other funds	(276,000)	(25,255)	(216,406)	-	(517,661)
Total other financing sources (uses)	1,892,665	(25,255)	(216,406)	-	1,651,004
Net change in fund balance	1,105,761	(96,300)	150,227	-	1,159,688
Fund balances, beginning	5,075,582	96,300	617,801	-	5,789,683
Fund balances, ending	\$ 6,181,343	\$ -	\$ 768,028	\$ -	6,949,371

(continued)

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds	\$ 1,159,688
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 2,137,622	
Depreciation expense from governmental assets	(528,119)	
Gain (Loss) of disposal of asset	25,648	1,635,151

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	660,420
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Benefit payments paid and administrative expense for the LEOSSA and OPEB are not included on the Statement of Activities	50,120
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	(8,010)

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.

Principal payments on long-term debt	419,877	
Proceeds from issuance of debt	(1,200,000)	(780,123)

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		(11,480)
Accrued interest payable		4,381
Pension Expense		(860,177)
Other postemployment benefits		(115,310)

Total changes in net position of governmental activities	\$ 1,734,660
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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, 2023

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 3,672,000	\$ 3,807,000	\$ 3,841,070	\$ 34,070
Unrestricted intergovernmental	2,280,200	2,280,200	2,637,004	356,804
Restricted intergovernmental	14,500	681,762	238,376	(443,386)
Permits and fees	299,000	303,150	343,847	40,697
Sales and services	1,143,715	1,247,821	1,330,481	82,660
Investment earnings	4,000	104,000	122,945	18,945
Miscellaneous	115,500	339,902	367,335	27,433
Total revenues	<u>7,528,915</u>	<u>8,763,835</u>	<u>8,881,058</u>	<u>117,223</u>
Expenditures:				
Current:				
General government	1,917,606	3,045,864	2,084,892	960,972
Public safety	3,834,106	5,293,221	5,086,627	206,594
Transportation	187,734	527,555	404,342	123,213
Environmental protection	559,710	780,146	775,361	4,785
Economic and physical development	230,405	265,415	247,793	17,622
Public services	409,692	588,632	457,986	130,646
Debt service:				
Principal retirement	391,627	419,985	419,877	108
Interest and other charges	191,078	191,084	191,084	-
Total expenditures	<u>7,721,958</u>	<u>11,111,902</u>	<u>9,667,962</u>	<u>1,443,940</u>
Revenues over (under) expenditures	<u>(193,043)</u>	<u>(2,348,067)</u>	<u>(786,904)</u>	<u>1,561,163</u>
Other financing sources (uses):				
Proceeds from issuance of debt	-	929,650	1,200,000	270,350
Transfers to other funds	(106,000)	(276,000)	(276,000)	-
Transfers from other funds	-	1,314,202	968,665	(345,537)
Total other financing sources (uses)	<u>(106,000)</u>	<u>1,967,852</u>	<u>1,892,665</u>	<u>(75,187)</u>
Fund balance appropriated	299,043	380,215	-	380,215
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,105,761</u>	<u>\$ 1,105,761</u>
Fund balances, beginning			<u>5,075,582</u>	
Fund balances, ending			<u>\$ 6,181,343</u>	

Town of Atlantic Beach, North Carolina
Statement of Fund Net Position
Proprietary Fund - Public Utilities Fund
June 30, 2023

	Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,899,036
Restricted cash and cash equivalents	41,628
Accounts receivable (net)	263,414
Inventories	75,706
Total current assets	2,279,784
Non-current assets:	
Capital assets:	
Land and construction in progress	934,400
Other capital assets, net of depreciation	1,303,330
Capital assets	2,237,730
Total non-current assets	2,237,730
Total assets	4,517,514
DEFERRED OUTFLOWS OF RESOURCES	198,701
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	89,783
Current portion of Installment debt	38,403
Current portion of accrued vacation	20,000
Liabilities payable from restricted assets	
Customer deposits	41,628
Total current liabilities	189,814
Noncurrent liabilities:	
Accrued vacation	4,683
OPEB liability	134,302
Net pension liability	202,369
Total non-current liabilities	341,354
Total liabilities	531,168
DEFERRED INFLOWS OF RESOURCES	54,429
NET POSITION	
Net investment in capital assets	2,199,327
Unrestricted	1,931,291
Total net position	\$ 4,130,618

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, 2023

	Public Utilities Fund
OPERATING REVENUES	
Charges for services	\$ 1,518,873.00
Stormwater fees	496,460
Other operating revenues	73,757
Total operating revenues	2,089,090
OPERATING EXPENSES	
Salaries and benefits	575,392
Operating expenses	907,240
Depreciation	117,730
Total operating expenses	1,600,362
Operating income (loss)	488,728
NONOPERATING REVENUE (EXPENSES)	
Interest and other charges	(1,656)
Investment earnings	52,505
Total nonoperating revenue (expenses)	50,849
Income (loss) before contributions and transfers	539,577
Transfers from other funds	52,250
Transfers (to) other funds	(503,254)
Loss on assets	(25,648)
	62,925
Change in net position	62,925
Total net position, beginning	4,067,693
Total net position, ending	\$ 4,130,618

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, 2023

	<u>Public Utilities Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,098,641
Cash paid to employees	(564,009)
Cash paid for goods and services	<u>(900,536)</u>
Net cash provided (used) by operating activities	<u>634,096</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(503,254)
Transfer from other funds	52,250
Net cash provided (used) by noncapital financing activities	<u>(451,004)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(91,003)
Principal repayments on long-term debt	(37,470)
Interest expense	<u>(1,656)</u>
Net cash provided (used) by capital and related financing activities	<u>(130,129)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>52,505</u>
Net increase (decrease) in cash and cash equivalents	105,468
Balances, beginning	<u>1,835,196</u>
Balances, ending	<u>\$ 1,940,664</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 488,728</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	117,730
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	9,551
(Increase) decrease in inventory	(40,252)
Increase (decrease) in accounts payable and accrued liabilities	46,956
Increase (decrease) in net pension liability	68,323
(Increase) decrease in deferred outflows of resources	(76,129)
Increase (decrease) in deferred inflows of resources	38,826
Increase(decrease) in customer deposits	(8,407)
Increase (decrease) in accrued vacation pay	(242)
Increase (decrease) in OPEB liability	<u>(10,988)</u>
Total adjustments	<u>145,368</u>
Net cash provided by operating activities	<u>\$ 634,096</u>

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, 2023

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.

Public Safety and Admin Complex Capital Project Fund - This fund was established to build a new public safety and admin complex.

The Town reports the following non-major governmental fund:

Beach and Waterway Fund. This special revenue fund was established for beach nourishment projects, beach access upkeep costs, dredging, and beach access improvements.

American Rescue Plan Fund - This capital project fund was created for the tracking of American Rescue Plan Act monies

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 Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is 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. Only investments with maturities of three months or less at the time of purchase may be classified as cash equivalents.

3. Restricted Assets

The unexpended Powell 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. Unspent proceeds in the Capital Project Fund are classified as restricted assets because its use is restricted for the building of the public safety and admin complex. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. The balance at June 30, 2023 was \$41,628.

<u>Town of Atlantic Beach Restricted Cash</u>	
Business-type Activities	
Public Utilities Fund:	
Customer Deposits	41,628
Total Business-type Activities	<u>41,628</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, 2022.

5. Allowances for Doubtful Accounts

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

6. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. 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.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization 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

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets 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 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets 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.

10. 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.

11. 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.

12. 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.

Committed for subsequent year's expenditures – portion of fund balance that Town of Atlantic Beach has committed to fund the required matches totaling \$874,168 for two grants if received and an additional \$1,200,000 held as collateral for an installment loan.

Committed to Public Safety and Administration Complex – portion of fund balance that Town of Atlantic Beach plans to use toward constructing the new Public Safety and Administration Complex.

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

Assigned for Beach and Waterway - portion of fund balance that Town of Atlantic Beach intends to use for beach access and waterway upkeep and improvements.

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, 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, 2023, the Town's deposits had a carrying amount of \$3,584,772 and a bank balance of \$3,613,899. All of which was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$1,200.

2. Investments

At June 30, 2023, the Town had \$5,041,819 invested with the North Carolina Capital management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables

Receivable at the government-wide level at June 30, 2023, were as follows:

Fund	June 30, 2023
General Fund:	
ABC distributions receivable	\$ 86,983
Telecommunication sales tax receivable	3,917
Franchise tax receivable	73,919
Local option sales tax receivable	324,799
Video programming	14,666
Services receivable	57,540
Other governments receivable	53,844
Miscellaneous receivables	33,354
Total	<u>649,022</u>
Public Utilities Fund:	
Services receivable	263,414
	<u>\$ 912,436</u>

4. Capital Assets

Primary Government

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

Compensated absences, Net pension liability, Total pension liability, and OPEB liability have typically been liquidated in the General Fund for governmental activities.

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 5,222,967	\$ -	\$ -	\$ -	\$ 5,222,967
Construction in progress	-	1,670,306	-	-	1,670,306
Total capital assets not being depreciated	5,222,967	1,670,306	-	-	6,893,273
Capital assets being depreciated:					
Buildings & improvement	10,154,561	-	-	-	10,154,561
Infrastructure	4,557,500	63,371	-	-	4,620,871
Equipment	940,479	107,452	35,952	-	1,011,979
Vehicles and motorized equipment	2,680,334	296,493	121,511	29,392	2,884,708
Total capital assets being depreciated	18,332,874	467,316	157,463	29,392	18,672,119
Less accumulated depreciation for:					
Buildings & improvements	369,126	219,048	-	-	588,174
Infrastructure	886,695	102,500	-	-	989,195
Equipment	416,864	93,392	35,952	-	474,304
Vehicles and motorized equipment	2,320,314	113,178	121,511	3,744	2,315,725
Total accumulated depreciation	3,992,999	\$ 528,118	\$ 157,463	\$ 3,744	4,367,398
Total capital assets being depreciated, net	14,339,875				14,304,721
Governmental activity capital assets, net	\$ 19,562,842				\$ 21,197,994

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

General Government	\$ 210,991
Public Safety	136,457
Transportation	77,114
Economic & Physical Development	37,498
Environmental Protection	13,156
Cultural & Recreation	52,902
Total Depreciation Expense	<u>\$ 528,118</u>

Business-Type Activities:

	Beginning Balances	Increases	Decreases	Transfers	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	6,571,477	-	-	-	6,571,477
Furniture, Equipment & Maintenance	1,241,374	-	-	-	1,241,374
Vehicles	127,011	91,003	-	(29,392)	188,622
Total capital assets being depreciated	7,939,862	91,003	-	(29,392)	8,001,473
Less accumulated depreciation for:					
Plant and Distribution Systems	5,503,391	81,147	-	-	5,584,538
Furniture, Equipment & Maintenance	1,027,448	19,439	-	-	1,046,887
Vehicles	53,318	17,144	-	(3,744)	66,718
Total accumulated depreciation	6,584,157	\$ 117,730	\$ -	\$ (3,744)	6,698,143
Total capital assets being depreciated, net	1,355,705				1,303,330
Business type capital assets, net	\$ 2,290,105				\$ 2,237,730

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age 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, 2022, was 18.27% of compensation for law enforcement officers and 17.71% 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 \$688,181 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Town reported a liability of \$2,529,616 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town's proportion was 0.04484%, which was an decrease of 0.0004% from its proportion measured as of June 30, 2021. 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, 2023, the Town recognized pension expense of \$870,589. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,999	\$ 10,687
Change of assumptions	252,399	-
Net difference between projected and actual earnings on pension plan investments	836,065	-
Change in proportion and differences between Town contributions and proportionate share of contributions	247,391	1,385
Town contributions subsequent to the measurement date	688,181	-
Total	<u>\$ 2,133,035</u>	<u>\$ 12,072</u>

\$688,181 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2024	\$ 490,624
2025	403,690
2026	140,151
2027	398,317
2028	-
Thereafter	-
	<u>\$ 1,432,782</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33%	0.9%
Global Equity	38%	6.5%
Real Estate	8%	5.9%
Alternatives	8%	8.2%
Credit	7%	5.0%
Inflation Protection	6%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of net pension liability (asset)	\$ 4,565,632	\$ 2,529,616	\$ 851,821

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

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, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>16</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, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022.

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 \$0 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, 2023, the Town reported a total pension liability of \$531,353. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$59,235.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,407	\$ 3,984
Changes of assumptions	74,269	84,917
Town benefit payments and plan administrative expenses subsequent to the measurement date	-	-
Total	<u>\$ 102,676</u>	<u>\$ 88,901</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	
2023	\$ 21,014
2024	18,958
2025	(11,572)
2026	(11,982)
2027	(2,643)
Thereafter	-
	<u>\$ 13,775</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 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1 % Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Town's pension liability (asset)	\$ 574,542	\$ 531,353	\$ 492,234

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

	2023
Beginning balance	\$ 590,655
Service Cost	38,175
Interest on the total pension liability	12,726
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	33,710
Changes of assumptions or other inputs	(93,793)
Benefit payments	(50,120)
Other changes	-
Ending balance of the total pension liability	<u>\$ 531,353</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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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	\$ 870,589	\$ 59,235	\$ 929,824
Pension Liability	2,529,616	531,353	3,060,969
Proportionate share of the net pension liability	0.04484%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	108,999	28,407	137,406
Changes of assumptions	252,399	74,269	326,668
Net difference between projected and actual earnings on plan investments	836,065	-	836,065
Changes in proportion and differences between contributions and proportionate share of contributions	247,391	-	247,391
Benefit payments and administrative costs paid subsequent to the measurement	688,181	-	688,181
Totals	2,133,035	102,676	2,235,711
Deferred of Inflows of Resources			
Differences between expected and actual experience	10,687	3,984	14,671
Changes of assumptions	-	84,917	84,917
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,385	-	1,385

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. 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 \$56,119 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, 2022 were \$137,349 from the Town and \$60,951 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2023 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, 2023, the Town was not required to make contributions in the fiscal year.

Total OPEB Liability

The Town's total OPEB liability of \$1,678,772 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 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	3.25 to 8.41 percent, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	7.0% for 2021 decreasing to an ultimate rate of 4.50% by 2031

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, 2022	<u> </u>
Change for the year	\$ 1,821,473
Service cost	129,642
Interest	41,825
Changes of benefit terms	-
Differences between expected and actual experience	(3,982)
Changes in assumptions or other inputs	(280,520)
Benefit payments	<u>(29,666)</u>
Net changes	<u>(142,701)</u>
Balance at June 30, 2023	<u><u>\$ 1,678,772</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16 % to 3.54%.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 2011 through December 2015.

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 1,450,603	\$ 1,678,772	\$ 1,955,253

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	\$ 1,450,603	\$ 1,678,772	\$ 1,955,253

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$125,461. 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, 2023, 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	\$ -	\$ 356,935
Changes of assumptions	350,727	311,350
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 350,727</u>	<u>\$ 668,285</u>

\$0 reported as deferred outflows of resources related to OPEB 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2024	\$ (46,006)
2025	(46,006)
2026	(46,006)
2027	(46,006)
2028	(36,007)
Thereafter	(97,527)
	<u>\$ (317,558)</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	\$ 137,406
Change of assumptions	677,395
Net difference between projected and actual earnings on pension plan investments	836,065
Change in proportion and differences between Town contributions and proportionate share of contributions	247,391
Town contributions subsequent to the measurement date	688,181
Total	<u>\$ 2,586,438</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	\$ -	\$ 5,979
Differences between expected and actual experience	371,606	
Changes in assumptions	396,267	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,385	-
Total	<u>\$ 769,258</u>	<u>\$ 5,979</u>

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, 2023, the Town has no pending claims or judgments.

6. Long Term Obligations

a. Installment Purchases:

Governmental Activities

In January 2021, the Town entered into a direct placement installment purchase contract with First Bank for the construction of a new Public Safety and Admin Complex. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning January 26, 2022, with an interest rate of 2.39%. The balance outstanding at June 30, 2023 was \$6,205,383.

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 of 3.61%. The balance outstanding at June 30, 2023 was \$57,389.

In September 2022, the Town entered into a direct placement installment purchase contract with First Bank for the purchase of a Fire Truck. The proceeds from this debt issuance is pledged as collateral for the debt while the fire truck is being built and the debt is outstanding. The note is due in annual installments beginning February 1, 2024 of \$105,637, with an interest rate of 3.35%. The balance outstanding at June 30, 2023 was \$1,200,000.

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, 2023 was \$38,403.

Annual debt service payments of all installment notes as of June 30, 2023, including \$1,285,294 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 535,900	\$ 162,826	\$ 38,403	\$ 956
2025	516,298	152,440	-	-
2026	529,769	141,795	-	-
2027	523,074	130,884	-	-
2028	536,533	119,701	-	-
2029-2033	2,897,245	476,437	-	-
2034-2038	1,923,953	100,255	-	-
Total	\$ 7,462,772	\$ 1,284,338	\$ 38,403	\$ 956

b. Changes in General Long-Term Liabilities

At June 30 2023, the Town of Atlantic Beach had a legal debt margin of \$145,625,508.

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23	Current Portion
Governmental activities:					
Direct Placement Installment purchases	\$ 6,682,649	\$ 1,200,000	\$ 419,877	\$ 7,462,772	\$ 535,900
Compensated absences	218,841	130,234	118,754	230,321	125,000
Net pension liability (LGERS)	638,295	1,688,952	-	2,327,247	-
Total pension liability (LEOSSA)	590,655	-	59,302	531,353	-
Total OPEB liability	1,675,755	-	131,285	1,544,470	-
Governmental activity long-term liabilities	\$ 9,806,195	\$ 3,019,186	\$ 729,218	\$ 12,096,163	\$ 660,900
Business-type activities:					
Direct Placement Installment purchases	\$ 75,873	\$ -	\$ 37,470	\$ 38,403	\$ 38,403
Compensated absences	32,319	13,461	21,097	24,683	20,000
Net pension liability (LGERS)	55,504	146,865	-	202,369	-
Total OPEB liability	145,718	-	11,416	134,302	-
Business-type activity long-term liabilities	\$ 309,414	\$ 160,326	\$ 69,983	\$ 399,757	\$ 58,403

C. Interfund Balances and Activity

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

<u>Descriptions</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,314,202	\$ 276,000
Public Utilities Fund	52,250	503,254
	<u>\$ 1,366,452</u>	<u>\$ 779,254</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 Governmental Funds is for a portion of the debt service payment and other services in the amount of \$451,004.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 21,197,994	\$ 2,237,730
Less: Long-term debt	7,462,772	38,403
Net investment in capital assets	<u>\$ 13,735,222</u>	<u>\$ 2,199,327</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	\$ 6,181,343
Less:	
Stabilization by State Statute	649,022
Streets - Powell Bill	232,239
Subsequent year's expenditures	2,081,355
Remaining Fund Balance	<u>\$ 3,218,727</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.

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 Ten Fiscal Years*

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.04484%	0.04524%	0.04689%	0.04591%	0.04646%	0.04728%	0.04710%	0.05260%	0.0510%	0.0511%
Town's proportion of the net pension liability (asset) (\$)	\$ 2,529,616	\$ 693,799	\$ 1,675,579	\$ 1,253,766	\$ 1,102,190	\$ 722,307	\$ 1,000,256	\$ 236,021	\$ (299,237)	\$ 615,951
Town's covered payroll	\$ 3,307,179	\$ 3,172,482	\$ 2,965,751	\$ 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	76.49%	21.87%	56.50%	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**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	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 Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 688,181	\$ 590,719	\$ 528,842	\$ 460,045	\$ 425,630	\$ 404,971	\$ 394,056	\$ 357,608	\$ 358,156	\$ 347,320
Contributions in relation to the contractually required contribution	688,181	590,719	528,842	460,045	425,630	404,971	394,056	357,608	358,156	347,320
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 3,691,569	\$ 3,307,179	\$ 3,172,482	\$ 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-employee payroll	18.64%	17.86%	16.67%	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, 2023

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	590,655	612,414	455,502	453,628	547,700	393,196	397,437
Service Cost	38,175	37,276	21,753	18,719	18,451	18,012	19,431
Interest on the total pension liability	12,726	11,278	14,075	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	33,710	381	(8,426)	5,690	(67,410)	143,184	-
Changes of assumptions or other inputs	(93,793)	(14,575)	177,012	11,228	(14,121)	25,105	(7,476)
Benefit payments	(50,120)	(56,119)	(47,502)	(49,376)	(47,548)	(46,085)	(29,852)
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 531,353</u>	<u>\$ 590,655</u>	<u>\$ 612,414</u>	<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, 2023

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 531,353	\$ 590,655	\$ 612,414	\$ 455,502	\$ 453,628	\$ 547,700	\$ 393,196
Covered employee payroll	898,803	876,228	841,488	818,758	793,412	832,244	850,042
Total pension liability as a percentage of covered employee payroll	59.12%	67.41%	72.78%	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, 2023*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 129,642	\$ 126,437	\$ 93,596	\$ 90,472	\$ 93,348	\$ 100,558
Interest	41,825	42,564	54,469	55,235	48,926	40,905
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(3,982)	(357,810)	(16,674)	(88,672)	(4,111)	(23,034)
Changes of assumptions	(280,520)	227,496	233,386	23,512	(52,697)	(86,548)
Benefit payments	(29,666)	(33,334)	(22,392)	(52,957)	(27,038)	(6,214)
Net change in total OPEB liability	(142,701)	5,353	342,385	27,590	58,428	25,667
Total OPEB liability - beginning	1,821,473	1,816,120	1,473,735	1,446,145	1,387,717	1,362,050
Total OPEB liability - ending	\$ 1,678,772	\$ 1,821,473	\$ 1,816,120	\$ 1,473,735	\$ 1,446,145	\$ 1,387,717
Town's covered-employee payroll	\$ 2,945,990	\$ 2,783,731	\$ 2,783,731	\$ 2,783,731	\$ 2,825,143	\$ 2,825,143
Town's OPEB liability as a percentage of its covered-employee payroll	56.98%	65.43%	65.24%	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

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

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%
2021	2.21%
2022	2.16%
2023	3.54%

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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current collections of unit-wide levy		3,818,540	
Prior years' levy collections		11,822	
Penalties and interest		10,708	
Total taxes	<u>3,807,000</u>	<u>3,841,070</u>	<u>\$ 34,070</u>
Unrestricted intergovernmental:			
Local option sales tax		1,922,701	
Carteret County ABC revenue		275,657	
Beer/wine tax		6,209	
Utilities sales tax		353,928	
Cable Vision franchise tax		60,227	
Telecommunications sales tax		17,215	
Solid Waste Disposal Tax		1,067	
Total unrestricted intergovernmental	<u>2,280,200</u>	<u>2,637,004</u>	<u>356,804</u>
Restricted intergovernmental:			
Public Safety Grants		40,976	
FEMA		124,662	
Donations/Skatepark		13,626	
Powell Bill allocation		59,112	
Total restricted intergovernmental	<u>681,762</u>	<u>238,376</u>	<u>(443,386)</u>
Total intergovernmental	<u>2,961,962</u>	<u>2,875,380</u>	<u>(86,582)</u>
Permits, fees and assessments:			
Beach permits		49,450	
Building permits		290,022	
Business registration fee		4,375	
Total permits, fees and assessments	<u>303,150</u>	<u>343,847</u>	<u>40,697</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, 2023**

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Parking meter		307,584	
Solid waste fees		545,836	
Parking violations		22,751	
Debris/White goods fee		74,372	
EMS revenue		145,250	
Cell tower lease		118,121	
Re-Entry pass fees		10,300	
Recreation fees		43,816	
Other Fees		62,451	
Total sales and services	1,247,821	1,330,481	82,660
Investment Earnings:			
General fund interest on investments		119,960	
Other funds interest on investments		2,985	
Total interest	104,000	122,945	18,945
Miscellaneous revenue:			
ABPD citizen donations		11,702	
Private donations		118,821	
Sales tax refund		86,700	
Mini golf		83,187	
Miscellaneous		66,925	
Total miscellaneous	339,902	367,335	27,433
Total revenue	8,763,835	8,881,058	117,223
Expenditures			
General Government:			
Governing body:			
Salaries and benefits		78,887	
Operating expense		31,035	
Total	125,887	109,922	15,965

**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, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Administration:			
Salaries and benefits		303,626	
Operating expense		159,936	
	<u>507,220</u>	<u>463,562</u>	<u>43,658</u>
Finance:			
Salaries and benefits		227,902	
Operating expense		44,754	
	<u>383,127</u>	<u>272,656</u>	<u>110,471</u>
Public buildings:			
Salaries and benefits		827,304	
Operating expense		385,430	
Capital outlay		26,018	
	<u>2,029,630</u>	<u>1,238,752</u>	<u>790,878</u>
Total general government	<u>3,045,864</u>	<u>2,084,892</u>	<u>960,972</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, 2023**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and benefits		1,553,588	
Operating expense		160,030	
Capital outlay		230,575	
	<u>2,094,377</u>	<u>1,944,193</u>	<u>150,184</u>
Fire/EMS:			
Salaries and benefits		1,452,682	
Operating expense		259,373	
Capital outlay		1,254,290	
	<u>2,996,510</u>	<u>2,966,345</u>	<u>30,165</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Building inspection			
Salaries and benefits		1,627	
Operating expense		51,269	
	<u>71,770</u>	<u>52,896</u>	<u>18,874</u>
Rescue units:			
Operating expenses		21,643	
	<u>26,718</u>	<u>21,643</u>	<u>5,075</u>
Lifeguards:			
Salaries and benefits		83,172	
Operating expense		11,182	
Capital outlay		7,196	
	<u>103,846</u>	<u>101,550</u>	<u>2,296</u>
Total public safety	<u>5,293,221</u>	<u>5,086,627</u>	<u>206,594</u>
Transportation:			
Streets and highways:			
Operating expense		27,178	
Capital outlay		377,164	
Total transportation	<u>527,555</u>	<u>404,342</u>	<u>123,213</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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Solid waste:			
Salaries and benefits		77,024	
Operating expense		496,460	
Capital outlay		201,877	
Total environmental protection	<u>780,146</u>	<u>775,361</u>	<u>4,785</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and benefits		201,121	
Operating expense		46,672	
Total economic and physical development	<u>265,415</u>	<u>247,793</u>	<u>17,622</u>
Public Services:			
Beach Access			
Salaries and benefits		33,001	
Operating expense		72,051	
	<u>117,852</u>	<u>105,052</u>	<u>12,800</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, 2023**

	Budget	Actual	Variance Positive (Negative)
Community Events/Recreation:			
Salaries and benefits		149,940	
Operating expense		162,492	
Capital outlay		40,502	
	<u>470,780</u>	<u>352,934</u>	<u>117,846</u>
Total public services	<u>588,632</u>	<u>457,986</u>	<u>130,646</u>
Debt retirement:			
Principal		419,877	
Interest		191,084	
	<u>611,069</u>	<u>610,961</u>	<u>108</u>
 Total expenditures	<u>11,111,902</u>	<u>9,667,962</u>	<u>1,443,940</u>
 Revenue over (under) expenditures	<u>(2,348,067)</u>	<u>(786,904)</u>	<u>1,561,163</u>
Other financing sources			
Proceeds from issuance of debt		1,200,000	
Transfers from other funds		968,665	
Transfers to other funds		(276,000)	
Total other financing sources (uses)	<u>1,967,852</u>	<u>1,892,665</u>	<u>(75,187)</u>
 Fund balance appropriated	<u>380,215</u>	<u>-</u>	<u>380,215</u>
 Net Change in fund balance	<u>\$ -</u>	<u>1,105,761</u>	<u>\$ 1,105,761</u>
 Fund balances, beginning		5,075,582	
 Fund balances, ending		<u>\$ 6,181,343</u>	

**Town of Atlantic Beach, North Carolina
Public Safety & Admin Complex Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Actual			Variance
		Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Issuance of debt	\$ 7,000,000	\$ 7,000,000	\$ -	\$ 7,000,000	\$ -
Interest Earned	-	8,755	20	8,775	8,775
Total revenue	<u>7,000,000</u>	<u>7,008,755</u>	<u>20</u>	<u>7,008,775</u>	<u>8,775</u>
Expenditures:					
Economic and physical development:					
Engineering Fees	8,959	7,930	-	7,930	1,029
Architect	136,730	135,407	-	135,407	1,323
IT Infrastructure	271,163	250,243	16,800	267,043	4,120
Construction	7,182,886	7,162,956	19,928	7,182,884	2
Furniture & Fixtures (Detach)	187,400	143,057	34,337	177,394	10,006
Total expenditures	<u>7,787,138</u>	<u>7,699,593</u>	<u>71,065</u>	<u>7,770,658</u>	<u>16,480</u>
Other financing sources/(uses):					
Transfer (to)/from General Fund	<u>787,138</u>	<u>787,138</u>	<u>(25,255)</u>	<u>761,883</u>	<u>(25,255)</u>
Total other financing sources (uses)	<u>787,138</u>	<u>787,138</u>	<u>(25,255)</u>	<u>761,883</u>	<u>25,255</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 96,300</u>	<u>(96,300)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>96,300</u>		
Fund balance, ending			<u>\$ -</u>		

**Town of Atlantic Beach, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023**

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>American Rescue Plan Fund</u>	<u>Beach and Waterway Fund</u>	<u>Circle Boardwalk Renovation Fund</u>	
Assets:				
Cash and cash equivalents	\$ -	\$ 768,028	\$ 1,228	\$ 769,256
Total Assets	<u>\$ -</u>	<u>\$ 768,028</u>	<u>\$ 1,228</u>	<u>\$ 769,256</u>
Liabilities and Fund Balances:				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,228	\$ 1,228
Total liabilities	<u>-</u>	<u>-</u>	<u>1,228</u>	<u>1,228</u>
Fund Balances:				
Restricted	-	768,028	-	768,028
Total fund balances	<u>-</u>	<u>768,028</u>	<u>-</u>	<u>768,028</u>
Total liabilities, deferred inflows of resources,	<u>\$ -</u>	<u>\$ 768,028</u>	<u>\$ 1,228</u>	<u>\$ 769,256</u>

Town of Atlantic Beach, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2023

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	Total Nonmajor Governmental Funds
	American Rescue Plan Fund	Beach and Waterway Fund	Circle Boardwalk Renovation Fund	
Revenues:				
Grant revenue	\$ 481,871	\$ -	\$ -	\$ 481,871
Investment earnings	209	13,403	-	13,612
Total revenues	<u>482,080</u>	<u>13,403</u>	<u>-</u>	<u>495,483</u>
Expenditures:				
Economic and physical development	-	-	128,850	128,850
Total Expenditures	<u>-</u>	<u>-</u>	<u>128,850</u>	<u>128,850</u>
Excess (deficiency) of revenues over expenditures	<u>482,080</u>	<u>13,403</u>	<u>(128,850)</u>	<u>366,633</u>
Other Financing Sources (Uses):				
Transfers in (out)	(482,406)	137,150	128,850	(216,406)
Total other financing sources (uses)	<u>(482,406)</u>	<u>137,150</u>	<u>128,850</u>	<u>(216,406)</u>
Net change in Fund Balance	(326)	150,553	-	150,227
Fund balances:				
Beginning of Year, July 1	<u>326</u>	<u>617,475</u>	<u>-</u>	<u>617,801</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 768,028</u>	<u>\$ -</u>	<u>\$ 768,028</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
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2023

	2023		Variance Favorable (Unfavorable)
	Final Budget	Actual	
Revenues			
Grant revenues		\$ 481,871	
Investment earnings		209	
Total revenues	\$ -	482,080	\$ 482,080
Expenditures:			
America rescue plan expenditures		-	
Total Expenditures	-	-	-
Revenues Over (Under) Expenditures	-	482,080	482,080
Other Financing Sources (Uses):			
Transfers to Other Funds	-	(482,406)	(482,406)
Total Other Financing Sources (Uses)	-	(482,406)	(482,406)
Revenues and Other Financing Sources Over (Under) Uses	-	(326)	(326)
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	(326)	\$ (326)
Fund Balance:			
Beginning of Year, July 1		326	
End of Year, June 30		\$ -	

Town of Atlantic Beach, North Carolina
Beach and Waterway Fund - Non Major Governmental Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2023

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Interest income	\$ -	\$ 71,641	13,403	\$ 85,044
Occupancy tax income	147,470	100,000	-	100,000
Total revenue	<u>147,470</u>	<u>171,641</u>	<u>13,403</u>	<u>185,044</u>
Other financing sources/(uses):				
Transfer (to)/from General Fund	<u>(147,470)</u>	<u>445,834</u>	<u>137,150</u>	<u>582,984</u>
Total other financing sources (uses)	<u>(147,470)</u>	<u>445,834</u>	<u>137,150</u>	<u>582,984</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 617,475</u>	150,553	<u>\$ 768,028</u>
Fund balance, beginning			<u>617,475</u>	
Fund balance, ending			<u>\$ 768,028</u>	

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

Town of Atlantic Beach, North Carolina
Boardwalk Renovation Fund - Non Major Governmental Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2023

	Project Authorization	Actual			Variance
		Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Occupancy tax income	-	-	-	-	-
Total revenue	-	-	-	-	-
Expenditures:					
Economic and physical development:					
Engineering, construction, and administration	174,307	-	128,850	128,850	45,457
Total expenditures	174,307	-	128,850	128,850	45,457
Other financing sources/(uses):					
Transfer (to)/from General Fund	174,307	-	128,850	128,850	45,457
Total other financing sources (uses)	174,307	-	128,850	128,850	45,457
Net change in fund balance	<u>\$ 174,307</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Utility Charges		\$ 1,907,316	
Total operating revenues	<u>\$ 1,930,185</u>	<u>1,907,316</u>	<u>\$ (22,869)</u>
Non-operating revenues:			
Interest earnings		52,505	
Availability fees		6,141	
Fire hydrants		5,600	
Late fees		28,797	
Connection fees		17,525	
Capacity Fee's		122,763	
Other		950	
Total non-operating revenues	<u>164,358</u>	<u>234,281</u>	<u>69,923</u>
Total revenues	<u>2,094,543</u>	<u>2,141,597</u>	<u>47,054</u>
Expenditures:			
Salaries and benefits		560,773	
Computer and small equipment		41,965	
Insurance		47,263	
Lab analysis		15,276	
Communication		22,581	
Utilities		59,920	
Chemicals		126,261	
Supplies		33,562	
Shared costs		485,000	
Maintenance and repair		29,351	
Other operating expenses		46,061	
Total expenditures	<u>1,549,009</u>	<u>1,468,013</u>	<u>80,996</u>
Debt Services:			
Principal retirement	37,470	37,470	
Interest	1,890	1,656	
Total debt services	<u>39,360</u>	<u>39,126</u>	<u>234</u>
Capital outlay:			
Total capital outlay	<u>92,000</u>	<u>91,003</u>	<u>997</u>
Total expenditures	<u>1,680,369</u>	<u>1,598,142</u>	<u>82,227</u>
Revenue over (under) expenditures	<u>414,174</u>	<u>543,455</u>	<u>129,281</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, 2023

	Budget	Actual	Variance Positive (Negative)
Other Financing Sources/(Uses)			
Fund balance appropriated	92,367	-	(92,367)
Transfer from other funds	52,250	52,250	-
Transfer to other funds	(558,791)	(503,254)	55,537
Loss from assets	-	(25,648)	(25,648)
Total other financing (uses)	(414,174)	(476,652)	(62,478)
Revenues under expenditures and other financing sources (uses)	\$ -	66,803	\$ 66,803
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal on bonds and installment notes		37,470	
Capital Outlay		91,003	
Depreciation		(117,730)	
(Increase) decrease in accrued vacation pay		7,636	
(Increase) decrease in net pension liability		(146,865)	
(Increase) decrease in accrued OPEB		11,416	
Increase (decrease) in deferred outflows of resources for pensions		53,718	
Increase (decrease) in deferred outflows of resources for OPEB		(4,164)	
(Increase) decrease in deferred inflows of resources for pensions		78,554	
(Increase) decrease in deferred inflows of resources for OPEB		(14,916)	
Total reconciling items		(3,878)	
Change in net position		\$ 62,925	

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, 2023**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 3,827,207	\$ 3,823,107	\$ 4,100
2021-2022	12,712	-	11,711	1,001
2020-2021	899	-	285	614
2019-2020	180	-	-	180
2018-2019	45	-	-	45
2017-2018	5	-	-	5
2016-2017	12	-	-	12
2015-2016	-	-	(5)	5
2014-2015	6	-	(2)	8
2013-2014	8	-	(1)	9
2012-2013	8	-	8	-
	<u>13875</u>	<u>\$ 3,827,207</u>	<u>\$ 3,835,103</u>	<u>\$ 5,979</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund \$ 3,834,195

Reconciling items:

Interest collected (10,650)
Taxes written off 11,558

Total ad valorem collections

\$ 3,835,103

**Town of Atlantic Beach, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2023**

	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	\$ 1,911,893,500	0.200	\$ 3,823,787	\$ 3,727,829	\$ 95,958
Total	<u>1,911,893,500</u>		<u>3,823,787</u>	<u>3,727,829</u>	<u>95,958</u>
Discoveries:					
Current year taxes	1,847,500	0.200	\$ 3,695	\$ 3,695	-
Total	<u>1,913,741,000</u>		<u>3,827,482</u>	<u>3,731,524</u>	<u>95,958</u>
Releases:					
Total property valuation	<u>(137,500)</u>	0.200	<u>(275)</u>	<u>(275)</u>	-
	<u>\$ 1,913,603,500</u>				
Net levy			3,827,207	3,731,249	95,958
Uncollected taxes at June 30, 2023			<u>(4,100)</u>	<u>(4,100)</u>	-
Current year's taxes collected			<u>\$ 3,823,107</u>	<u>\$ 3,727,149</u>	<u>\$ 95,958</u>
Current levy collection percentage			<u>99.89%</u>	<u>99.89%</u>	<u>100.00%</u>

**Statistical Section
Unaudited**

Description of the Statistical Schedules

Contents	Pages
Financial Trends	62-65
<p>These schedules contain trend information to assist users in understanding and assessing how the Town's financial position has changed over time.</p>	
Revenue Capacity	66-71
<p>These schedules contain information to assist users in understanding and assessing the factors affecting the Town's ability to generate its own-source revenues.</p>	
Debt Capacity	72-75
<p>These schedules present information to assist users in understanding and assessing the Town's debt burden and its ability to issue additional debt.</p>	
Demographic and Economic Information	76-77
<p>These schedules offer demographic and economic information to assist users in understanding the environment within which the Town operates.</p>	
Operating Information	78-80
<p>These schedules contain service and infrastructure data to assist readers in understanding and assessing how the Town's financial report relates to the services the Town provides and the activities it performs. Sources:</p>	

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant years.

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

Table 1

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net position:										
Net investment in capital assets	\$ 13,735,222	\$ 12,880,193	\$ 6,893,699	\$ 10,473,528	\$ 9,889,457	\$ 9,623,001	\$ 9,460,931	\$ 7,233,720	\$ 5,790,759	\$ 5,190,369
Restricted - Streets -P.Bill	232,239	170,142	247,782	326,125	330,550	267,838	243,827	184,581	124,689	64,459
Restricted - State Statute	649,022	737,438	715,776	626,740	920,792	466,144	546,284	522,930	486,513	405,933
Unrestricted	3,049,917	2,143,967	6,367,046	1,640,364	1,415,441	1,381,771	2,139,816	3,697,071	4,360,854	4,099,790
Total net position	<u>\$ 17,666,400</u>	<u>\$ 15,931,740</u>	<u>\$ 14,224,303</u>	<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>
Business Type Activities										
Net position:										
Invested in capital assets, net of related debt	\$ 2,199,327	\$ 2,214,232	\$ 2,233,827	\$ 2,355,550	\$ 2,421,958	\$ 2,483,094	\$ 2,586,059	\$ 2,627,726	\$ 2,639,622	\$ 2,849,277
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,931,291	1,853,461	1,611,855	1,334,672	1,346,283	1,323,752	1,270,412	1,588,398	1,668,060	1,714,055
Total net position	<u>\$ 4,130,618</u>	<u>\$ 4,067,693</u>	<u>\$ 3,845,682</u>	<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>
Total Primary Government										
Net position:										
Invested in capital assets, net of related debt	\$ 15,934,549	\$ 15,094,425	\$ 9,127,526	\$ 12,829,078	\$ 12,311,415	\$ 12,106,095	\$ 12,046,990	\$ 9,861,446	\$ 8,430,381	\$ 8,039,646
Restricted - Streets -P.Bill	232,239	170,142	247,782	326,125	330,550	267,838	243,827	184,581	124,689	64,459
Restricted - State Statute	649,022	737,438	715,776	626,740	920,792	466,144	546,284	522,930	486,513	405,933
Unrestricted	4,981,208	3,997,428	7,978,901	2,975,036	2,761,724	2,705,523	3,410,228	5,285,469	6,028,914	5,813,845
Total net position	<u>\$ 21,797,018</u>	<u>\$ 19,999,433</u>	<u>\$ 18,069,985</u>	<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>

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

Table 2

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Program revenues:										
Charges for services										
General Government	265,244	814,870	458,411	473,612	458,774	246,602	176,750	170,194	160,112	135,328
Public Safety	168,001	68,101	655,756	740,254	536,865	593,458	696,489	645,932	726,246	511,600
Transportation	307,584	-	-	-	-	-	-	-	-	-
Economic/Physical Development	343,847	352,276	-	-	-	-	99,087	82,451	-	-
Environmental Protection	545,836	544,680	623,510	632,847	635,911	620,392	538,977	534,696	531,006	525,441
Cultural and Recreation	43,816	57,274	121,783	91,825	133,696	84,923	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	238,376	279,479	646,595	8,066,499	1,160,384	166,832	58,699	197,194	302,200	217,777
Capital Grants & Contributions	481,871	83,996	98,655	-	-	-	371,884	487,900	-	-
General revenues:										
Property taxes	3,833,174	3,734,829	3,274,584	2,825,954	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669
Other taxes	275,657	-	-	-	-	66,749	5,395	6,955	1,562	13,951
Unrestricted intergovernmental revenues:										
Local option sales tax	1,922,701	1,648,243	1,456,436	1,196,104	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257
Utilities sales tax	353,928	326,063	306,324	308,166	317,054	305,925	304,233	324,601	309,061	205,112
Cable vision franchise tax	60,227	65,376	72,399	74,331	77,328	83,160	87,061	87,123	92,565	90,306
Telecommunications sales tax	17,215	16,995	23,257	23,195	28,430	30,995	33,801	34,098	40,513	42,142
Other intergovernmental revenues	7,276	6,472	7,342	7,587	7,517	10,956	11,084	10,919	11,677	11,090
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Other	529,556	374,548	19,595	92,910	145,163	76,703	27,811	15,014	103,838	27,946
Total Revenues	<u>9,394,309</u>	<u>8,373,202</u>	<u>7,764,647</u>	<u>14,533,284</u>	<u>7,317,776</u>	<u>5,992,616</u>	<u>6,068,674</u>	<u>6,189,633</u>	<u>6,053,800</u>	<u>5,511,619</u>
Expenses:										
General Government	2,401,153	1,344,126	1,695,721	1,910,570	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997
Public Safety	3,844,623	3,429,538	3,588,539	3,263,742	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342
Transportation	150,360	689,913	656,859	799,067	389,025	568,436	690,001	603,668	528,964	466,616
Economic & Physical Development	854,629	597,082	34,671	7,545,851	172,005	146,868	408,935	95,982	15,616	111,892
Environmental Protection	196,246	201,273	561,826	541,213	813,324	488,961	149,295	482,931	445,113	468,563
Cultural and Recreation	476,945	471,792	383,510	370,263	329,544	386,532	509,490	236,053	168,692	478,995
Interest on Long-Term Debt	186,697	239,156	7,326	16,117	15,381	22,218	29,050	34,327	42,337	49,099
Water	-	-	-	-	-	-	-	-	-	-
Total Expenses	<u>8,110,653</u>	<u>6,972,880</u>	<u>6,928,452</u>	<u>14,446,823</u>	<u>6,711,448</u>	<u>5,713,551</u>	<u>6,032,591</u>	<u>5,572,792</u>	<u>5,017,210</u>	<u>5,274,504</u>
Increase (decrease) in net position before transfers	1,283,656	1,400,322	836,195	86,461	606,328	279,065	36,083	616,841	1,036,590	237,115
Transfers	451,004	307,114	321,351	424,056	211,158	306,200	914,000	258,646	365,025	102,900
Increase (decrease) in net position	<u>\$ 1,734,660</u>	<u>\$ 1,707,436</u>	<u>\$ 1,157,546</u>	<u>\$ 510,517</u>	<u>\$ 817,486</u>	<u>\$ 585,265</u>	<u>\$ 950,083</u>	<u>\$ 875,487</u>	<u>\$ 1,401,615</u>	<u>\$ 340,016</u>

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

Table 2.1

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Program revenues:										
Charges for services-Water	\$ 2,063,442	\$ 1,969,011	\$ 1,907,691	\$ 1,814,316	\$ 1,524,792	\$ 1,634,484	\$ 1,790,537	\$ 1,448,973	\$ 1,435,891	\$ 1,188,448
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
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	52,505	2,652	3,045	16,530	23,893	11,321	4,607	4,011	5,161	6,347
Total Revenues	2,115,947	1,971,663	1,910,736	1,830,846	1,548,685	1,645,805	1,795,144	1,452,984	1,441,052	1,194,795
Expenses:										
General Government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and Physical Developmen	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,602,018	1,442,538	1,433,925	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882
Total Expenses	1,602,018	1,442,538	1,433,925	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882
Increase (decrease) in net position before transfers	513,929	529,125	476,811	346,037	172,553	350,132	554,347	167,088	144,102	(209,087)
Transfers	(451,004)	(307,114)	(321,351)	(424,056)	(211,158)	(306,200)	(914,000)	(258,646)	(365,025)	(102,900)
Increase (decrease) in net position after transfers	\$ 62,925	\$ 222,011	\$ 155,460	\$ (78,019)	\$ (38,605)	\$ 43,932	\$ (359,653)	\$ (91,558)	\$ (220,923)	\$ (311,987)

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

Table 2.2

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Program revenues:										
Charges for services										
General Government	265,244	814,870	458,411	473,612	458,774	246,602	176,750	170,194	160,112	135,328
Public Safety	168,001	68,101	655,756	740,254	536,865	593,458	696,489	645,932	726,246	511,600
Transportation	307,584	-	-	-	-	-	-	-	-	-
Economic/Physical Development	343,847	352,276	-	-	-	-	99,087	82,451	-	-
Environmental Protection	545,836	544,680	623,510	632,847	635,911	620,392	538,977	534,696	531,006	525,441
Cultural and Recreation	43,816	57,274	121,783	91,825	133,696	84,923	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Water	2,063,442	1,969,011	1,907,691	1,814,316	1,524,792	1,634,484	1,790,537	1,448,973	1,435,891	1,188,448
Operating grants and contributions	238,376	279,479	646,595	8,066,499	1,160,384	166,832	58,699	197,194	302,200	217,777
Capital Grants & Contributions	481,871	83,996	98,655	-	-	-	371,884	487,900	-	-
General revenues:										
Property taxes	3,833,174	3,734,829	3,274,584	2,825,954	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669
Other taxes	275,657	-	-	-	-	66,749	5,395	6,955	1,562	13,951
Unrestricted intergovernmental revenues:										
Local option sales tax	1,922,701	1,648,243	1,456,436	1,196,104	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257
Utilities franchise tax	353,928	326,063	306,324	308,166	317,054	305,925	304,233	324,601	309,061	205,112
Cable vision franchise tax	60,227	65,376	72,399	74,331	77,328	83,160	87,061	87,123	92,565	90,306
Telecommunications sales tax	17,215	16,995	23,257	23,195	28,430	30,995	33,801	34,098	40,513	42,142
Other intergovernmental revenues	7,276	6,472	7,342	7,587	7,517	10,956	11,084	10,919	11,677	11,090
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Other	582,061	377,200	22,640	109,440	169,056	88,024	32,418	19,025	108,999	34,293
Total Revenues	11,510,256	10,344,865	9,675,383	16,364,130	8,866,461	7,638,421	7,863,818	7,642,617	7,494,852	6,706,414
Expenses:										
General Government	2,401,153	1,344,126	1,695,721	1,910,570	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997
Public safety	3,844,623	3,429,538	3,588,539	3,263,742	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342
Transportation	150,360	689,913	656,859	799,067	389,025	568,436	690,001	603,668	528,964	466,616
Economic and Physical Development	854,629	597,082	34,671	7,545,851	172,005	146,868	408,935	95,982	15,616	111,892
Environmental Protection	196,246	201,273	561,826	541,213	813,324	488,961	149,295	482,931	445,113	468,563
Cultural and Recreation	476,945	471,792	383,510	370,263	329,544	386,532	509,490	236,053	168,692	478,995
Interest on Long-Term Debt	186,697	239,156	7,326	16,117	15,381	22,218	29,050	34,327	42,337	49,099
Water	1,602,018	1,442,538	1,433,925	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882
Total Expenses	9,712,671	8,415,418	8,362,377	15,931,632	8,087,580	7,009,224	7,273,388	6,858,688	6,314,160	6,678,386
Increase (decrease) in net position before transfers	1,797,585	1,929,447	1,313,006	432,498	778,881	629,197	590,430	783,929	1,180,692	28,028
Transfers										
Increase (decrease) in net position after transfers	\$ 1,797,585	\$ 1,929,447	\$ 1,313,006	\$ 432,498	\$ 778,881	\$ 629,197	\$ 590,430	\$ 783,929	\$ 1,180,692	\$ 28,029

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

Table 3

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Restricted for:										
State statute	\$ 649,022	\$ 737,438	\$ 715,776	\$ 626,740	\$ 920,792	\$ 466,144	\$ 546,284	\$ 522,930	\$ 486,513	\$ 405,933
Streets Powell bill	232,239	170,142	247,782	326,125	330,550	267,838	243,827	184,581	124,689	64,459
Committed - Subsequent										
Year's Expenditures	2,081,355	1,206,737								
Unassigned, General Fund	3,218,727	2,983,908	3,602,730	3,406,273	2,992,109	2,899,567	2,584,031	3,909,063	4,707,935	4,342,286
Total	6,181,343	5,098,225	4,566,288	4,359,138	4,243,451	3,633,549	3,374,142	4,616,574	5,319,137	4,812,678
All other Governmental Funds										
Assigned, reported in:										
Beach and Waterway	768,028	617,475	489,990	375,784	194,222	219,175	217,007	216,485	215,967	236,473
Committed, reported in:										
Public Safety/Adm Complex	-	73,657	4,935,665	-	-	-	-	-	-	-
Unassigned, reported in:										
Beach Renourishment	-	326	-	-	-	-	-	-	-	-
Total Fund Balances of Governmental Funds	\$ 6,949,371	\$ 5,789,683	\$ 9,991,943	\$ 4,734,922	\$4,437,673	\$3,852,724	\$3,591,149	\$4,833,059	\$5,535,104	\$5,049,151

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

Table 4

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Ad valorem taxes	\$ 3,841,070	\$ 3,725,204	\$ 3,275,714	\$ 2,825,248	\$ 2,645,079	\$ 2,619,334	\$ 2,594,908	\$ 2,559,319	\$ 2,748,662	\$ 2,750,085
Other taxes and licenses	-	-	-	-	-	-	5,395	6,955	1,562	13,951
Unrestricted intergovernmental	2,637,004	2,336,653	2,102,715	1,777,012	1,761,755	1,682,535	1,675,790	1,663,809	1,651,201	1,464,235
Restricted intergovernmental	720,247	363,475	758,300	8,079,799	1,190,484	114,492	430,583	686,895	177,662	99,986
Permits and fees	343,847	352,276	342,196	453,759	271,480	309,621	280,887	270,312	379,055	159,201
Sales and services	1,330,481	1,236,395	1,170,463	1,103,020	1,109,091	1,075,434	960,372	904,391	907,169	882,823
Investment earnings	136,577	11,740	12,065	49,934	67,016	28,752	13,768	8,896	8,114	9,434
Miscellaneous	367,335	343,837	172,231	200,830	197,142	129,136	93,294	86,576	95,566	112,809
Total revenues	9,376,561	8,369,580	7,833,684	14,489,602	7,242,047	5,959,304	6,054,997	6,187,153	5,968,991	5,492,524
EXPENDITURES										
Current:										
General government	2,129,939	1,418,942	1,537,406	1,695,505	1,610,860	1,203,976	1,140,399	1,247,370	1,030,216	985,726
Public safety	3,594,566	3,289,508	3,120,183	2,991,726	3,120,691	2,893,960	2,954,692	2,815,623	2,729,138	2,721,876
Transportation	27,178	583,157	253,273	314,476	449,348	443,292	1,042,595	474,525	561,307	479,020
Environmental Protection	573,484	566,801	546,981	528,654	802,133	462,519	452,712	456,520	471,181	458,579
Economic & Physical Development	376,643	197,731	283,265	7,856,493	172,510	147,520	132,999	123,895	92,852	90,427
Public Services	417,484	305,092	325,713	313,064	126,226	307,421	433,124	249,100	168,692	201,953
Capital outlay	2,137,622	5,935,020	3,546,276	606,211	430,580	196,467	1,679,934	1,398,275	502,222	1,111,282
Debt service:										
Principal	419,877	409,744	283,259	337,315	320,361	358,748	357,181	355,660	354,155	352,676
Interest and other charges	191,084	172,959	9,188	15,941	17,656	24,493	31,313	38,087	44,846	51,578
Total expenditures	9,867,877	12,878,954	9,905,544	14,659,385	7,050,365	6,038,396	8,224,949	7,159,055	5,954,609	6,453,117
Revenue over (under) expenditures	(491,316)	(4,509,374)	(2,071,860)	(169,783)	191,682	(79,092)	(2,169,952)	(971,902)	14,382	(960,593)
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	(517,661)	1,033,074	906,539	424,056	211,158	306,200	914,000	258,646	386,084	102,900
Transfers to other funds	968,665	(725,960)	(585,188)	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	8,573	10,050	10,193	90,978	16,466
Proceeds from insurance proceeds	-	-	7,530	42,976	57,109	23,726	3,470	500	15,015	1,401
Proceeds from issuance of debt	1,200,000	-	7,000,000	-	125,000	-	-	-	-	-
Total other financing sources (uses)	1,651,004	307,114	7,328,881	467,032	393,267	338,499	927,520	269,339	492,077	120,767
Net change in fund balance	\$ 1,159,688	\$ (4,202,260)	\$ 5,257,021	\$ 297,249	\$ 584,949	\$ 259,407	\$ (1,242,432)	\$ (702,563)	\$ 506,459	\$ (839,826)
Debt Service as a percentage of noncapital expenditures	7.90%	8.39%	4.60%	2.51%	5.11%	6.56%	5.94%	6.83%	7.32%	7.87%

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

Table 5

Fiscal Year Ending <u>June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Less Elderly Exemptions</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	Taxable Assessed Value as a Percentage of Actual Taxable Value of Real <u>Property</u>
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	1,572,860,932	90.88%
2021	1,704,357,125	70,084,447	5,406,615	368,312	1,779,479,875	0.180	Not available	Not available
2022	1,752,553,212	112,978,539	5,509,357	1,431,088	1,869,610,020	0.200	Not available	Not available
2023	1,803,272,225	133,429,036	5,729,420	31,532,039	1,910,898,642	0.200	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, 2021.

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>
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
2021	0.180	0.33	0.51
2022	0.200	0.33	0.53
2023	0.200	0.33	0.53

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, 2023**

Table 7

	FY 2023			FY 2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlantic Newport Hospitality LLC	22,480,151	1	1.23%			
Atlantic Station Prtnr LLC	11,165,694	2	0.61%	10,853,858	2	15.91%
Triple S Marina LLC	9,098,241	3	0.50%			
Dunes Club, Inc	8,781,589	4	0.48%	7,345,514	4	10.77%
Oceanana Resort LLC	8,163,791	5	0.45%	4,567,708	7	6.70%
Crow Nest Yacht Club, Inc.	6,960,467	6	0.38%	7,336,000	5	10.75%
Coral Bay Club, Inc.	6,047,492	7	0.33%	6,237,422	6	9.14%
Williamson Charles Donald	3,128,794	8	0.17%			
Pelican Park Assn	3,102,603	9	0.17%	2,940,627	10	4.31%
Croatan Mobile Home Park LLC	3,033,418	10	0.17%			
GR&S Atlantic Beach LLC				15,365,225	1	22.52%
Bunn Fred M Etal				8,094,628	3	11.87%
James H Pou Bailey Jr				2,766,811	8	4.06%
Progress Energy Carolinas				2,707,743	9	3.97%
	<u>\$ 81,962,240</u>		<u>4.48%</u>	<u>\$ 68,215,536</u>		<u>100.00%</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>	Collected within the <u>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>
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%	3,432	2,542,143	99.94%
2018	2,566,717	2,562,004	99.82%	3,585	2,565,589	99.96%
2019	2,588,647	2,586,235	99.91%	1,633	2,587,868	99.97%
2020	2,767,229	2,762,157	99.82%	4,758	2,766,915	99.99%
2021	3,203,050	3,199,162	99.88%	2,935	3,202,096	99.97%
2022	3,650,395	3,637,684	99.65%	11,822	3,649,506	99.98%
2023	3,731,249	3,727,149	99.89%	0	3,727,149	99.89%

Source: Town of Atlantic Beach Tax Reports

Town of Atlantic Beach
Computation of Legal Debt Margin
June 30, 2023

Table 9

Total Assessed Valuation	\$ 1,913,603,500
Legal Debt Margin:	
Debt Limit 8% of Total Assessed Value	153,088,280
Amount of Debt Applicable to Debt Limit	<u>7,462,772</u>
Legal Debt Margin	<u><u>\$ 145,625,508</u></u>

Town of Atlantic Beach
Computation of Direct and Overlapping Debt
June 30, 2023

Table 10

	Long-Term Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	\$ 7,462,772	100%	\$ 7,462,772
Overlapping:			
Carteret County	30,825,000	11.12%	3,427,160
	\$ 38,287,772		\$ 10,889,932

Town's assessed valuation	\$ 1,913,603,500		
County's assessed valuation	\$ 17,211,579,394		
		11.12%	

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>
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
2021	0	1,362	0
2022	0	1,370	0
2023	0	1,388	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>
	General Bonded Debt Outstanding	Installment Contracts	General Bonded Debt Outstanding	Installment Contracts					
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	3,583,559	0.02%
2020	-	375,653	-	148,103	523,756	1,495	350	3,705,783	0.01%
2021	-	7,092,393	-	112,432	7,204,825	1,362	5,290	4,163,281	0.17%
2022	-	6,682,649	-	75,872	6,758,521	1,370	4,933	N/A	N/A
2023	-	7,462,772	-	38,403	7,501,175	1,388	5,404	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>	Estimated <u>Population (1)</u>	Unemployment <u>Ratio % (2)</u>	Per Capita <u>Personal Income (3)</u>	Personal <u>Income (3)</u>
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	51,582	3,583,559
2020	1,495	5.7	53,276	3,705,783
2021	1,362	4.1	60,741	4,163,281
2022	1,370	3.6	N/A	N/A
2023	1,388	3.3	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, 2023**

Table 14

<u>Employer</u>	<u>Calendar Year 2022</u>			<u>Calendar Year 2012</u>		
	<u>Employees (FTE's)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees (FTE's)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Carteret County Board of Education	1000+	1	N/A	1000+	1	N/A
Carteret County General County of Carteret	1000+	2	N/A			
Wal-Mart Associates, Inc	500-999	3	N/A	250-499	3	N/A
Lowes Home Improvement	250-499	4	N/A	250-499	4	N/A
Food Lion, LLC	250-499	5	N/A	250-499	9	N/A
Carteret Community College	250-499	6	N/A	250-499	7	N/A
Bally Refrigerated Boxes Inc	250-499	7	N/A	250-499	5	N/A
McDonalds	100-249	8	N/A			
Town of Morehead City	100-249	9	N/A			
Carteret Health Care		10	N/A	500-999	2	N/A
Century Employer Org LLC				250-499	6	N/A
State of North Carolina				250-499	8	N/A
Big Rock Sports LLC				100-249	10	N/A

Notes:

1. 2022 was most recent year for which information is available and includes full-time and part-time workers.
2. Source of information is the North Carolina Dept of Commerce. 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	4	3	3	3	3	3	3	3	3	3
Public Buildings (1)	7	6	6	8	8	8	8	8	8	8
Public Safety:										
Police	17	17	17	17	17	18	18	18	18	18
Communications	0	0	0	0	0	0	0	0	0	0
Fire/EMS	14	14	14	14	14	14	14	14	14	14
Inspections	0	1	1	1	1	1	2	2	3	2
Transportation:										
Streets and Highways (1)	4	4	4	8	8	8	8	8	8	8
Economic & Physical Development										
Planning	2	2	2	2	2	2	2	2	1	1
Environmental Protection:										
Solid Waste	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation:										
Parks and Recreation	1	1	1	1	1	0	0	0	0	0
Water:										
Operations	4	4	4	4	4	4	4	4	4	4
Total	57	56	56	62	62	62	63	63	63	62

Notes:

1. Work-release inmates and contract-labor inmates included in FTE calculations. FY2023 did not utilize inmates due to COVID-19 precautions.

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

Table 16

<u>Functions/Program</u>	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety:										
Police calls answered	18,116	24,481	27,057	36,118	30,423	19,588	43,688	54,639	61,646	52,325
Fire calls answered	521	502	575	419	675	521	633	633	823	734
EMS calls answered	861	698	675	525	665	617	651	632	518	548
Lifeguard calls answered	310	202	49	131	160	119	130	82	235	241
Transportation: (Streets & Highways)										
Miles of streets maintained	23.45	23.45	23.45	23.45	23.45	23.45	23.45	23.43	23.43	23.43
Environmental Protection: (Solid Waste & Sanitation)										
Solid waste collected (tons)	1,540	1,669	1,956	2,023	1,966	1,605	1,736	1,736	1,553	1,606
Recyclables collected (tons)	323	377	295	288	216	261	231	213	197	215
Yard debris collected (tons)	111	104	119	176	122	197	179	125	351	458
Public beach accesses (improved w/ structures)	20	20	20	20	20	20	20	17	16	16
Public beach accesses (unimproved)	2	2	2	2	2	2	2	3	4	4
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	5,717	5,706	7,098	7,098	7,151	7,160	7,147	7,106	7,089	6,969
Ave. daily consumption - summer (gallons)	730,929	752,870	786,616	692,739	888,148	843,447	770,236	845,710	839,260	857,890
Ave. daily consumption - winter (gallons)	367,923	381,321	389,348	363,293	510,016	456,104	380,369	395,732	427,879	414,953

Notes:

1. Due to a software change in 2021, the calculation of the number of customers served has changed. We now use the number of water units.

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

Table 17

Functions/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Public beach accesses (improved w/ structures)	20	20	20	20	20	20	20	17	16	16
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	19	19	19	19	22	20	20	20	20	20
Number of patrol boats	1	1	1	1	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	23.45	23.45	23.45	23.43	23.43	23.43
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	7	7	7	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 Responses



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**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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023, 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 September 22, 2023.

Report on 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) as a basis for designing 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
September 22, 2023

Town of Atlantic Beach, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

None.