Town of Atlantic Beach, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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Introductory Section

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

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October 31, 2019

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

The Comprehensive Annual Financial Report (CAFR) for the Town of Atlantic Beach, North Carolina, for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures within this report rests with the management of the ***Town of Atlantic Beach***. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of ***Thompson, Price, Scott, Adams & Co., P.A.*** and their unmodified opinion is included in the financial section of the Comprehensive Annual Financial Report.

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

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

Immediately following the Independent Auditor's report is Management's Discussion and Analysis (MD&A), which provides a narrative overview of the Town's financial performance for fiscal year ended June 30, 2019. 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 1,499 and encompasses 2.3 square miles. Atlantic Beach is located on a barrier island in Carteret County on the eastern end of Bogue Banks. The Atlantic Ocean is to the south while the Bogue Sound lies to the north of the island. Atlantic Beach prides itself on being a seasonal residential resort community. Atlantic Beach is a thriving coastal community that is a major tourist destination along the coast of North Carolina. The Town of Atlantic Beach has a strong commitment to preserving its environment and protecting the ocean dunes and maritime forest. The Town's developmental priorities and goals of environmental and resource protection clearly states its strong desire to encourage and promote tourism.

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

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

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

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

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

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

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

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

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

Economic Condition and Outlook

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

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

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

Major Initiatives

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

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

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

The Town has completed the planning phase of the stormwater management project and continues to implement drainage mitigation projects throughout town. The most recent drainage project began in FY2018-19 and is almost complete, at West Boardwalk and Raleigh Ave. A major priority of Council is providing a Town Park with a wide variety of entertainment for our residents and visitors. During FY2015-16 and FY2016-17, the Town received $600,000 in donations toward adding a state of the art skatepark, miniature golf course, and restroom/concession facilities to the Town Park. The Town Council continues to seek innovative recreational features to add to the Town Park, investigating concepts such as a future water slide, dune slide, or walking trails. During FY2018-19, the Parks & Recreation Director position was created to aid in our expansion of park services. Council continues to plan renovations to or replacements of aging Town Facilities. During FY2016-17, the Town completed the construction of a new Public Services/Water facility due to deterioration of the prior facility while continuing discussions with engineers and architects on options available with replacing the existing Police/Fire/Town Hall facilities within the next two years. Other major initiatives during FY2018-19 include purchasing additional kiosks to expand the seasonal paid parking program and starting to renovate the DoubleTree West Beach Access which will be completed over the summer.

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 AB Beach Music Festival, Tuna Run 200, weekly summer family movie nights, the Buddy Peletier Surfing Competition, 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 2019-20 budget in June 2019. Property taxes provide approximately 42% of the revenues for the General Fund. Revenue from sales tax, permits and fees, and sales and services were all projected to remain consistent with prior years. No new or increased fees in the General Fund were implemented in the FY2019-20 budget.

Major capital purchases and projects during FY2019-20 include two replacement vehicles in the Police Department, a replacement cardiac monitor in the Fire Department, a mini skidsteer for beach access maintenance, continued dredging of major waterways using NC DENR grant opportunities, replacement chlorinators at the Water Plant, and a replacement pickup truck 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, 2018. This was the nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

David R. Walker

David R. Walker,
Town Manager

Town of Atlantic Beach, North Carolina
List of Principal Officials
June 30, 2019

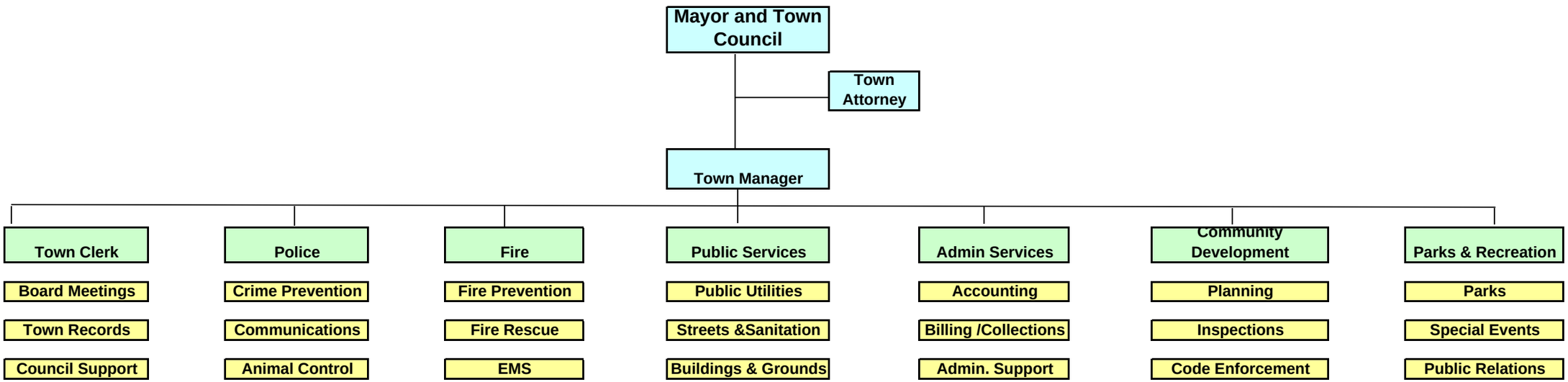
TOWN COUNCIL

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

ADMINISTRATION

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

TOWN OF ATLANTIC BEACH
ORGANIZATION FUNCTIONS



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Atlantic Beach

North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Atlantic Beach's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules and, other schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019 on our consideration of the Town of Atlantic Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atlantic Beach's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
October 25, 2019

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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, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

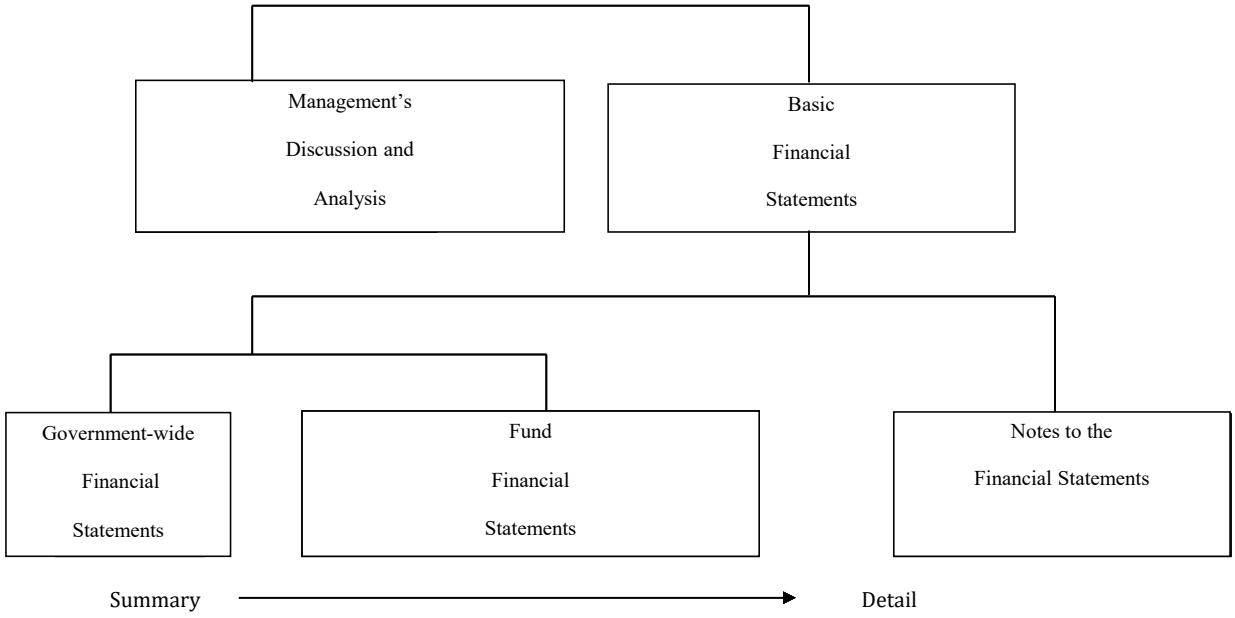
Financial Highlights

- The assets and deferred outflows of resources of Town of Atlantic Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $16,324,481 (net position).
- The government's total net position increased by $778,881 primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $4,437,673. Approximately 67.43% of this total amount or $2,992,109 is available for spending at the government's discretion (unassigned fund balance) in the general fund. Assigned fund balance in Beach Renourishment Special Revenue Fund totals $194,222.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $2,992,109, or 42.44% of total general fund expenditures ($7,050,365) for the fiscal year.
- The government's total debt (change in long-term liabilities) increased by $97,700 during the current fiscal year. The majority of this change is due to net pension liability increases.
- 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 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 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 or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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 it's employees.

Government Wide Financial Analysis

Town of Atlantic Beach's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 4,871,556	$ 4,176,333	$ 1,566,041	$ 1,515,362	$ 6,437,597	$ 5,691,695
Capital assets	10,602,425	10,531,330	2,604,865	2,699,960	13,207,290	13,231,290
Total assets	15,473,981	14,707,663	4,170,906	4,215,322	19,644,887	18,922,985
Deferred outflows of resources	1,338,457	1,049,737	112,236	82,516	1,450,693	1,132,253
Long-term liabilities outstanding	3,241,456	3,106,571	368,383	363,453	3,609,839	3,470,024
Other liabilities	866,913	798,296	134,941	117,645	1,001,854	915,941
Total liabilities	4,108,369	3,904,867	503,324	481,098	4,611,693	4,385,965
Deferred inflows of resources	147,829	113,779	11,577	9,894	159,406	123,673
Net Position:						
Net investment in capital assets	9,889,457	9,623,001	2,421,958	2,483,094	12,311,415	12,106,095
Restricted	1,251,342	733,982	-	-	1,251,342	733,982
Unrestricted	1,415,441	1,381,771	1,346,283	1,323,752	2,761,724	2,705,523
Total net position	$ 12,556,240	$ 11,738,754	$ 3,768,241	$ 3,806,846	$ 16,324,481	$ 15,545,600

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Atlantic Beach exceeded liabilities and deferred inflows by 16,324,481 as of June 30, 2019. The Town's net position increased by $778,881 for the fiscal year ended June 30, 2019. However, the largest portion (75.42%) 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, $1,251,342, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $2,761,724 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 99.91%.

Town of Atlantic Beach
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for Services	$ 1,607,813	$ 1,385,055	$ 1,524,792	$ 1,634,484	$ 3,132,605	$ 3,019,539
Operating grants and contributions	1,160,384	166,832	-	-	1,160,384	166,832
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,642,661	2,614,742	-	-	2,642,661	2,614,742
Other taxes	-	66,749	-	-	-	66,749
Unrestricted intergovernmental revenues:						
Local Option sales tax	1,173,993	1,091,179	-	-	1,173,993	1,091,179
Carteret County ABC revenue	157,433	160,320	-	-	157,433	160,320
Cable vision franchise tax	77,328	83,160	-	-	77,328	83,160
Utilities Franchise sales tax	317,054	305,925	-	-	317,054	305,925
Telecommunications sales tax	28,430	30,995	-	-	28,430	30,995
Other intergovernmental revenues	7,517	10,956	-	-	7,517	10,956
Other	145,163	76,703	23,893	11,321	169,056	88,024
Total revenues	7,317,776	5,992,616	1,548,685	1,645,805	8,866,461	7,638,421
Expenses:						
General government	1,699,921	1,087,970	-	-	1,699,921	1,087,970
Public Safety	3,292,248	3,012,566	-	-	3,292,248	3,012,566
Transportation	389,025	568,436	-	-	389,025	568,436
Economic and physical development	172,005	146,868	-	-	172,005	146,868
Environmental protection	813,324	488,961	-	-	813,324	488,961
Parks and recreation	329,544	386,532	-	-	329,544	386,532
Interest on long-term debt	15,381	22,218	-	-	15,381	22,218
Water	-	-	1,376,132	1,295,673	1,376,132	1,295,673
Total expenses	6,711,448	5,713,551	1,376,132	1,295,673	8,087,580	7,009,224
Increase (decrease) in net position before transfers and special items	606,328	279,065	172,553	350,132	778,881	629,197
Transfers	211,158	306,200	(211,158)	(306,200)	-	-
Increase (decrease) in net position	817,486	585,265	(38,605)	43,932	778,881	629,197
Net position, beginning, previously reporte	11,738,754	12,390,858	3,806,846	3,856,471	15,545,600	16,247,329
Restatement	-	(1,237,369)	-	(93,557)	-	(1,330,926)
Net position, beginning, restated	11,738,754	11,153,489	3,806,846	3,762,914	15,545,600	14,916,403
Net position, ending	$ 12,556,240	$ 11,738,754	$ 3,768,241	$ 3,806,846	$ 16,324,481	$ 15,545,600

Governmental activities. Governmental activities increased the Town's net position by $817,486, whereas the net position in the business-type activities decreased by $(38,605). The total growth in net position was $778,881. 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 99.91% of stable tax values, and the foresight to acknowledge and plan for the continued economic downturn by freezing spending, salaries, and capital purchases except where necessary.

Business-type activities. Business-type activities decreased the Town of Atlantic Beach net position by $(38,605). Damages from Hurricane Florence in September 2018, temporarily closing a major hotel and condominium complex for repairs throughout the remainder of the fiscal year, resulted in less than normal revenues for water services. This loss of revenue and contributing toward the construction of major stormwater mediation projects resulted in a decrease in net position.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Atlantic Beach's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Atlantic Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,992,109 while total fund balance reached $4,243,451. 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 $7,050,365. Unassigned fund balance represents 42.44% of total General Fund expenditures, while total fund balance represents 60.19% of that same amount.

At June 30, 2019, the governmental funds of Town of Atlantic Beach reported a combined fund balance of $4,437,673, an increase of $584,949 from last year. Total fund balance for all governmental funds represents 62.94% of total Governmental Funds expenditures. While there were higher than anticipated revenues, strict oversight of personnel, operating and routine capital expenditures, we used the opportunity to proceed with multiple major projects in lieu of keeping the reserves in the bank producing very minimal interest returns in the low market environment. Some of the major capital purchases included the completion of large stormwater drainage projects at Old Causeway Road and Pond Drive, completion of a new Public Services/Water Facility, completion of the ADA walkway at the Raleigh Avenue beach access, completion of the Town Park restroom and concession facilities, and replacement of three town vehicles.

General Fund Budgetary Highlights:

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

The final amended budget and actual amounts varied, largely due to the downward economic trends and capital projects budgeted and in progress, though not completed by June 30, 2019. The Town budgeted conservatively for State-collected revenues and building permits/capacity use fees based on trends in building construction and real estate development projects. While the State-wide and local economic trends have continued on a declining scale, the Town of Atlantic Beach collected more of these revenues than expected. The most significant favorable variances were in other unrestricted intergovernmental taxes. Total revenue realized was approximately $00 more than the final budget amount, primarily due to the collection of property taxes and service fees with a higher collection rate than anticipated. Expenditures were tightly controlled, and the Town was able to comply with its budgetary requirements in all categories. The favorable variances were the result of expenditure reductions in operations and routine replacement capital outlay to the extent possible with while still providing for the completion of large stormwater drainage projects at Old Causeway Road and Pond Drive, completion of the ADA renovations and walkway at the Henderson beach access, completion of the Town Park facilities, installation of a new 80 ft flagpole at the point of our main beach access, replacement of a town vehicles, and hosting events to bring more family entertainment opportunities to Atlantic Beach stretching throughout the summer including the AB Beach Music Festival, fireworks during July 4th, weekly live music at the Town Park, and weekly outdoor movies “by the Sea”. Total expenditures were approximately $576,634 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 $512,166 less than total revenues, with an increase in fund balance of $609,902 while still maintaining an unassigned fund balance of $2,992,109.

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 $1,346,283. The total change in net position for the Utility Fund was a decrease of $(38,605). While equipment and infrastructure capital improvement needs have been postponed in an attempt to keep the rates as low as possible, several capital projects were continued or completed. Some of these projects were the additions of three major shut-off valves on the west end of town.

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, 2019, totaled $13,207,290 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- 2018 Chevy G4500
- W Boardwalk & Raleigh
- Double Tree Beach Access
- Water Plant Fence

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 5,222,967	$ 5,222,967	$ 934,400	$ 934,400	$ 6,157,367	$ 6,157,367
Buildings and plant systems	2,030,551	2,095,501	1,365,917	1,401,704	3,396,468	3,497,205
Infrastructure	2,620,640	2,717,657	-	-	2,620,640	2,717,657
Equipment	175,065	146,262	256,973	322,142	432,038	468,404
Vehicles and motorized equipment	371,728	348,943	47,576	41,713	419,304	391,656
Construction in Progress	181,474	-	-	-	181,474	-
Total	$ 10,602,425	$ 10,531,330	$ 2,604,865	$ 2,699,960	$ 13,207,290	$ 13,231,290

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

Long-term Debt. As of June 30, 2019, the Town of Atlantic Beach had total debt outstanding of $895,875. 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	
	2019	2018	2019	2018	2019	2018
Direct Placement Installment purchases	$ 712,968	$ 908,329	$ 182,907	$ 216,866	$ 895,875	$ 1,125,195
Total	$ 712,968	$ 908,329	$ 182,907	$ 216,866	$ 895,875	$ 1,125,195

The Town of Atlantic Beach's total installment debt decreased by $229,320 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 $127,385,214. 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 4.6%, which is above both the State average of 4.1% and the national average of 3.7%.
- 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, 2020

Governmental Activities

The Town of Atlantic Beach budget for the Fiscal Year Ending June 30, 2020 totals $8,300,555 for all funds managed by the Town. As required by North Carolina General Statutes, the budget is balanced by a like amount of revenues and expenditures. Budgeted expenditures for Capital Improvements are very limited and practically non-existent for the 2019-2020 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, one replacement Fire Department ATV, a replacement Fire Department cardiac monitor, and a new mini skidsteer for beach access maintenance. The General Fund continues to plan for improvements to beach accesses, additional stormwater drainage projects, and new a Police and Fire Complex. No fund balance was appropriated in the General Fund budget for FY2019-2020. The Town intends to increase the Powell Bill reserves for several years planning for another major repaving project in approximately FY2020-21. The Water Fund capital outlay expenditures include replacing the chlorinators at the Water Plant and a replacement vehicle. No fund balance monies were appropriated in the Water Fund budget for FY2019-2020.

Governmental Activities. The Town's largest single source of revenue continues to be generated from ad valorem property taxes, which has been increased to $0.18 per $100 valuation tax rate on a $1,568,274,480 tax base. The $2,808,000 ad valorem property tax revenue comprises approximately 42% of General Fund estimated revenues.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Town of Atlantic Beach, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,615,283	$ 1,307,532	$ 4,922,815
Restricted cash	330,550	11,203	341,753
Taxes receivables (net)	4,931	-	4,931
Accounts receivable (net)	920,792	227,328	1,148,120
Inventories	-	19,978	19,978
Total current assets	4,871,556	1,566,041	6,437,597
Non-current assets:			
Capital Assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	5,404,441	934,400	6,338,841
Other capital assets, net of depreciation	5,197,984	1,670,465	6,868,449
Total capital assets	10,602,425	2,604,865	13,207,290
Total assets	15,473,981	4,170,906	19,644,887
DEFERRED OUTFLOWS OF RESOURCES	1,338,457	112,236	1,450,693
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	428,952	62,600	491,552
Accrued interest payable	3,559	-	3,559
Accrued vacation	113,101	7,500	120,601
Customer advances	-	18,834	18,834
Payable from restricted assets			-
Current portion of long term liabilities	337,316	34,804	372,120
Payable from restricted assets	-	11,203	11,203
Total current liabilities	882,928	134,941	1,017,869
Long-term liabilities:			
Net pension liability	1,014,015	88,175	1,102,190
Total pension liability	453,628	-	453,628
OPEB liability	1,330,454	115,692	1,446,146
Accrued vacation	51,692	16,413	68,105
Due in more than one year	375,652	148,103	523,755
Total long term liabilities	3,225,441	368,383	3,593,824
Total liabilities	4,108,369	503,324	4,611,693
DEFERRED INFLOWS OF RESOURCES	147,829	11,577	159,406
NET POSITION			
Net investment in capital assets	9,889,457	2,421,958	12,311,415
Restricted for:			
Streets - Powell Bill	330,550	-	330,550
Stabilization by State Statute	920,792	-	920,792
Unrestricted	1,415,441	1,346,283	2,761,724
Total net position	$ 12,556,240	$ 3,768,241	$ 16,324,481

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

Town of Atlantic Beach, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental Activities:							
General government	$ 1,699,921	$ 458,774	$ -	$ -	$ (1,241,147)	$ -	$ (1,241,147)
Public safety	3,292,248	536,865	1,103,023	-	(1,652,360)	-	(1,652,360)
Transportation	389,025	-	57,361	-	(331,664)	-	(331,664)
Economic and physical development	172,005	-	-	-	(172,005)	-	(172,005)
Environmental protection	813,324	635,911	-	-	(177,413)	-	(177,413)
Cultural and recreation	329,544	133,696	-	-	(195,848)	-	(195,848)
Interest on long-term debt	15,381	-	-	-	(15,381)	-	(15,381)
Total governmental activities (See Note 1)	6,711,448	1,765,246	1,160,384	-	(3,785,818)	-	(3,785,818)
Business-type activities:							
Water	1,376,132	1,524,792	-	-	-	148,660	148,660
Total business-type activities	1,376,132	1,524,792	-	-	-	148,660	148,660
Total primary government	$ 8,087,580	$ 3,290,038	$ 1,160,384	$ -	(3,785,818)	148,660	(3,637,158)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,642,661	-	2,642,661
Local option sales tax					1,173,993	-	1,173,993
Franchise taxes					422,812	-	422,812
Beer and wine tax					6,468	-	6,468
Solid waste disposal tax					1,049	-	1,049
Grants and contributions not restricted to specific programs					-	-	-
Miscellaneous					21,038	-	21,038
Unrestricted investment earnings					124,125	23,893	148,018
Transfers					211,158	(211,158)	-
Total general revenues, special items, and transfers					4,603,304	(187,265)	4,416,039
Change in net position					817,486	(38,605)	778,881
Net position, beginning					11,738,754	3,806,846	15,545,600
Net position, ending					$ 12,556,240	$ 3,768,241	$ 16,324,481

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, 2019

	Major General Fund	Non-Major Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 3,421,061	194,222	3,615,283
Restricted cash	330,550	-	330,550
Receivables, net:			
Taxes	4,159	-	4,159
Accounts	920,792	-	920,792
Total assets	$ 4,676,562	$ 194,222	$ 4,870,784
LIABILITIES			
Accounts payable and accrued liabilities	$ 428,952	$ -	$ 428,952
Total liabilities	428,952	-	428,952
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	4,159	-	4,159
Prepaid taxes	-	-	-
Total deferred inflows of resources	4,159	-	4,159
FUND BALANCES			
Restricted			
Stabilization by State Statute	$ 920,792	$ -	$ 920,792
Streets - Powell Bill	330,550	-	330,550
Assigned			
Beach Renourishment	-	194,222	194,222
Unassigned	2,992,109	-	2,992,109
Total fund balances	4,243,451	194,222	4,437,673
Total liabilities, deferred inflows of resources, and fund balances	$ 4,676,562	$ 194,222	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,602,425
Net pension liability	(1,014,015)
Total pension liability	(453,628)
OPEB liability	(1,330,454)
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	772
Deferred outflows of resources related to pensions are not reported in the funds	1,338,457
Liabilities for earned revenues considered deferred inflows of resources in fund statements	4,159
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(877,761)
Deferred inflows of resources related to pensions are not reported in the funds	(147,829)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	(3,559)
Net position of governmental activities	$ 12,556,240

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

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major		
	General Fund	Non-Major Fund	Total Governmental Funds
REVENUES			
Ad valorem taxes	$ 2,645,079	$ -	$ 2,645,079
Other taxes and licenses	-	-	-
Unrestricted intergovernmental	1,761,755	-	1,761,755
Restricted intergovernmental	1,190,484	-	1,190,484
Permits and fees	271,480	-	271,480
Sales and services	1,109,091	-	1,109,091
Investment earnings	62,454	4,562	67,016
Miscellaneous	197,142	-	197,142
Total revenues	7,237,485	4,562	7,242,047
EXPENDITURES			
Current:			
General government	1,641,415	-	1,641,415
Public safety	3,314,597	-	3,314,597
Transportation	449,348	-	449,348
Environmental protection	802,133	-	802,133
Economic and physical development	172,510	-	172,510
Public services	332,345	-	332,345
Debt service:			
Principal	320,361	-	320,361
Interest and other charges	17,656	-	17,656
Total expenditures	7,050,365	-	7,050,365
Revenue over (under) expenditures	187,120	4,562	191,682
OTHER FINANCING SOURCES (USES)			
Transfers from/to other funds	240,673	(29,515)	211,158
Proceeds from sale of assets	125,000	-	125,000
Insurance Proceeds	57,109	-	57,109
Total other financing sources (uses)	422,782	(29,515)	393,267
Net change in fund balance	609,902	(24,953)	584,949
Fund balance, beginning	3,633,549	219,175	3,852,724
Fund balance, ending	$ 4,243,451	$ 194,222	$ 4,437,673

(continued)

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

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds		$	584,949
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	430,580		
Depreciation expense from governmental assets	(370,324)		
Loss of disposal of asset	(10,199)		
			50,057
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			391,580
Benefit payments paid and administrative expense for the LEOSSA and OPEB are not included on the Statement of Activities			67,638
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			(2,418)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
New long-term debt issued	(125,000)		
Principal payments on long-term debt	320,361		
			195,361
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			20,729
Accrued interest payable			2,275
Pension Expense			(377,609)
Other postemployment benefits			(115,076)
Total changes in net position of governmental activities		$	817,486

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

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, 2019

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	$ 2,582,050	$ 2,634,755	$ 2,645,079	$ 10,324
Unrestricted intergovernmental	1,750,000	1,704,900	1,761,755	56,855
Restricted intergovernmental	230,000	1,401,233	1,190,484	(210,749)
Permits and fees	961,500	261,000	271,480	10,480
Sales and services	190,150	1,058,260	1,109,091	50,831
Investment earnings	7,000	52,000	62,454	10,454
Miscellaneous	50,000	189,805	197,142	7,337
Total revenues	5,770,700	7,301,953	7,237,485	(64,468)
Expenditures:				
Current:				
General government	1,481,779	1,991,367	1,641,415	349,952
Public safety	2,837,306	3,411,177	3,314,597	96,580
Transportation	369,865	516,010	449,348	66,662
Environmental protection	480,000	827,065	802,133	24,932
Economic and physical development	168,500	181,565	172,510	9,055
Public services	50,000	361,790	332,345	29,445
Debt service:				
Principal retirement	358,250	320,369	320,361	8
Interest and other charges	25,000	17,656	17,656	-
Contingency	-	-	-	-
Total expenditures	5,770,700	7,626,999	7,050,365	576,634
Revenues over (under) expenditures	-	(325,046)	187,120	512,166
Other Financing Sources:				
Proceeds from sale of assets	-	-	125,000	125,000
Insurance Proceeds	-	-	57,109	57,109
Transfers from other funds	-	325,046	240,673	(84,373)
	-	325,046	422,782	97,736
Fund balance appropriated	-	-	-	-
Net change in fund balance	$ -	$ -	609,902	$ 609,902
Fund balances, beginning			3,633,549	
Fund balances, ending			$ 4,243,451	

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

Town of Atlantic Beach, North Carolina
Statement of Fund Net Position
Proprietary Fund - Public Utilities Fund
June 30, 2019

ASSETS		
Current assets:		
Cash and cash equivalents	$	1,307,532
Restricted cash and cash equivalents		11,203
Accounts receivable (net) - billed		150,662
Accounts receivable (net) - unbilled		76,666
Inventories		19,978
Total current assets		1,566,041
Non-current assets:		
Capital assets:		
Land and construction in progress		934,400
Capital assets, net of depreciation		1,670,465
Capital assets		2,604,865
Total non-current assets		2,604,865
Total assets	$	4,170,906
DEFERRED OUTFLOWS OF RESOURCES		112,236
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$	62,600
Customer advances on water bills		18,834
Current portion of accrued vacation		7,500
Installment debt		34,804
Liabilities payable from restricted assets		
Customer deposits		11,203
Total current liabilities		134,941
Noncurrent liabilities:		
Installment debt		148,103
OPEB liability		115,692
Accrued vacation		16,413
Net pension liability		88,175
Total non-current liabilities		368,383
Total liabilities		503,324
DEFERRED INFLOWS OF RESOURCES		11,577
NET POSITION		
Net investment in capital assets		2,421,958
Unrestricted		1,346,283
Total net position	$	3,768,241

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, 2019

OPERATING REVENUES		
Charges for services	$	1,174,205
Stormwater fees		290,547
Other operating revenues		60,040
Total operating revenues		1,524,792
OPERATING EXPENSES		
Administration		380,299
Water treatment and distribution		801,447
Depreciation		189,818
Total operating expenses		1,371,564
Operating income		153,228
NONOPERATING REVENUE (EXPENSES)		
Interest expense		(4,568)
Investment income		23,893
Total nonoperating revenue (expenses)		19,325
Income before contributions and transfers		172,553
Transfers to other funds		(211,158)
Change in net position		(38,605)
Total net position, beginning		3,806,846
Total net position, ending	$	3,768,241

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,509,732
Cash paid to employees	(261,506)
Cash paid for services	(870,996)
Net cash provided by operating activities	426,876
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(211,158)
Net cash flows (used) by noncapital financing activities	(211,158)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(144,369)
Principal repayments on long-term debt	(33,959)
Interest expense	(4,568)
Installment purchase obligation issued	-
Net cash used by capital and related financing activities	(182,896)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	23,893
Net decrease in cash and cash equivalents	56,715
Balances, beginning	1,262,020
Balances, ending	$ 1,318,735

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, 2019

Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	153,228
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		189,818
Transfer of assets		49,646
Changes in assets, deferred outflows of resources, and liabilities:		
(Increase) decrease in accounts receivable		(15,060)
(Increase) decrease in inventory		21,096
Increase (decrease) in accounts payable and accrued liabilities		18,967
Increase (decrease) in net pension liability		30,390
(Increase) decrease in deferred outflows of resources		(29,720)
Increase (decrease) in deferred inflows of resources		1,683
Increase(decrease) in deposits		(1,356)
Increase (decrease) in accrued vacation pay		3,509
Increase (decrease) in OPEB liability		4,675
Total adjustments		273,648
Net cash provided by operating activities	$	426,876

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

Notes to Basic Financial Statements

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I. Summary of Significant Accounting Policies

The accounting policies of the Town of Atlantic Beach, NC and its discretely presented component unit 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 Statement s: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements : The fund financial statements provide information about the Town's funds. 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.

The Town reports the following non-major governmental fund:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem 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 are 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 reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended Powel Bill revenue is classified as restricted assets in governmental funds because the use is completely restricted by G.S. 136-41.1 through 136-41.4. The balance at June 30, 2019 was $267,838. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Atlantic Beach Restricted Cash		
Governmental Activities		
General Fund		
	Streets	$ 330,550
Total governmental activities		330,550
Business-type Activities		
Public Utilities Fund:		
	Customer Deposits	11,203
Total Business-type Activities		11,203
Total Restricted Cash		$ 341,753

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 169-13(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, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost are as follows: land, $10,000; buildings, improvements, substations, lines, and other plant and distribution systems, $15,000; infrastructure, $20,000; equipment and furniture, $5,000; vehicles and motorized equipment, $10,000; and computer software, $5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimate historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources* , represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town does have one item that meet this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources* , represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for this category - property taxes receivable and pension deferrals for the 2019 fiscal year.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long–term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

10. Compensated Absences

Vacation leave is accumulated at the rate of up to thirty (30) days per year with each leave being fully vested when earned. For the Town's government wide and proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded with the funds as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net assets represent 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 total 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 Atlantic Beach's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

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

The 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 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 additional 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. The Pooling Method is a collateral pool; all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town 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, 2019, the Town's deposits had a carrying amount of $1,109,769 and a bank balance of $1,132,684. All of which was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled $1,200.

2. Investments

At June 30, 2019, the Town had $4,153,599 invested with the North Carolina Capital management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard or Poor's. The Town has no policy regarding credit risk.

3. Receivables

Receivable at the government-wide level at June 30, 2019, were as follows:

Fund	June 30, 2019
General Fund:	
ABC distributions receivable	$ 47,942
Telecommunication sales tax receivable	6,293
Franchise tax receivable	65,630
Local option sales tax receivable	216,597
Video programming	17,362
Services receivable	48,771
Grant receivable	478,799
Miscellaneous receivables	39,398
Total	920,792
Public Utilities Fund:	
Services receivable	227,328
	$ 1,148,120

4. Capital Assets

Primary Government
Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Reclassifications	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 5,222,967	$ -	$ -	$ -	$ 5,222,967
Construction in progress	-	-	181,474	-	181,474
Total capital assets not being depreciated	5,222,967	-	181,474	-	5,404,441
Capital assets being depreciated:					
Buildings & improvement	2,646,165	-	-	-	2,646,165
Infrastructure	3,198,183	-	-	-	3,198,183
Equipment	452,690	-	87,186	43,137	496,739
Vehicles and motorized equipment	2,657,404	33,660	161,920	120,172	2,732,812
Total capital assets being depreciated	8,954,442	33,660	249,106	163,309	9,073,899
Less accumulated depreciation for:					
Buildings & improvements	550,664	-	64,950	-	615,614
Infrastructure	480,526	-	97,017	-	577,543
Equipment	306,428	-	48,184	32,938	321,674
Vehicles and motorized equipment	2,308,461	12,622	160,173	120,172	2,361,084
Total accumulated depreciation	3,646,079	$ 12,622	$ 370,324	$ 153,110	3,875,915
Total capital assets being depreciated, net	5,308,363				5,197,984
Governmental activity capital assets, net	$ 10,531,330				$ 10,602,425

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

General Government	$ 44,541
Public Safety	151,827
Transportation	79,728
Economic & Physical Development	28,881
Environmental Protection	10,749
Cultural & Recreation	54,598
Total Depreciation Expense	$ 370,324

Business-Type Activities:

	Beginning Balances	Reclassifications	Increases	Decreases	Ending Balances
Water Fund					
Capital assets not being depreciated:					
Land	$ 934,400	$ -	$ -	$ -	$ 934,400
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	934,400	-	-	-	934,400
Capital assets being depreciated:					
Plant and Distribution Systems	6,977,717	-	103,134	97,225	6,983,626
Furniture, Equipment & Maintenance	866,712	-	-	-	866,712
Vehicles	98,335	(33,660)	41,235	-	105,910
Total capital assets being depreciated	7,942,764	(33,660)	144,369	97,225	7,956,248
Less accumulated depreciation for:					
Plant and Distribution Systems	5,576,013	-	110,315	68,619	5,617,709
Furniture, Equipment & Maintenance	544,570	-	65,169	-	609,739
Vehicles	56,623	(12,622)	14,334	-	58,335
Total accumulated depreciation	6,177,206	$ (12,622)	$ 189,818	$ 68,619	6,285,783
Total capital assets being depreciated, net	1,765,558				1,670,465
Business type capital assets, net	$ 2,699,958				$ 2,604,865

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 Town of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2019, was 14.73% of compensation for law enforcement officers and 14.15% 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 $425,630 for the year ended June 30, 2019.

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, 2019, the Town reported a liability of $1,102,190 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2018, the Town's proportion was 0.04646%, which was an decrease of 0.00082% from its proportion measured as of June 30, 2017. 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, 2019, the Town recognized pension expense of $433,797. At June 30, 2019, 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	$ 170,042	$ 5,706
Change of assumptions	292,479	-
Net difference between projected and actual earnings on pension plan investments	151,298	-
Change in proportion and differences between Town contributions and proportionate share of contributions	312,404	-
Town contributions subsequent to the measurement date	425,630	-
Total	$ 1,351,853	$ 5,706

$425,630 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	$ 415,083
2021	282,071
2022	102,437
2023	120,926
2024	-
Thereafter	-
	$ 920,517

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of position 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of net pension liability (asset)	$ 2,647,556	$ 1,102,190	$ (189,142)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Atlantic Beach administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Town has made no contributions to this plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	16
Total	21

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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 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, 2018.

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 $46,085 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, 2019, the Town reported a total pension liability of $453,628. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of $51,089.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,555	$ -
Changes of assumptions	15,183	14,688
Town benefit payments and plan administrative expenses subsequent to the measurement date	-	-
Total	$ 47,738	$ 14,688

$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	
2020	$ 15,712
2021	15,712
2022	16,450
2023	(14,178)
2024	(646)
Thereafter	-
	$ 33,050

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1 % Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Town's pension liability (asset)	$ 483,716	$ 453,628	$ 426,043

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

	2019
Beginning balance	$ 547,700
Service Cost	18,451
Interest on the total pension liability	16,556
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(67,410)
Changes of assumptions or other inputs	(14,121)
Benefit payments	(47,548)
Other changes	-
Ending balance of the total pension liability	$ 453,628

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	$ 433,797	$ 51,089	$ 484,886
Pension Liability	1,102,190	453,628	1,555,818
Proportionate share of the net pension liability	0.004646%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	170,042	32,555	202,597
Changes of assumptions	292,479	15,183	307,662
Net difference between projected and actual earnings on plan investments	151,298	-	151,298
Changes in proportion and differences between contributions and proportionate share of contributions	312,404	-	312,404
Benefit payments and administrative costs paid subsequent to the measurement	425,630	-	425,630
Totals	1,351,853	47,738	1,399,591
Deferred of Inflows of Resources			
Differences between expected and actual experience	5,706	-	5,706
Changes of assumptions	-	14,688	14,688
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy . Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers make voluntary contributions to the plan.

The Town made contributions of $43,315 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, 2019 were $105,326 from the Town and $40,954 from the non-law enforcement employees.

e. Other Postemployment Benefits (OPEB)

1. Healthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2018 date of the latest actuarial valuation.

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	3	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	60	16
Total	63	21

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, 2019, the Town was not required to make contributions in the fiscal year.

Total OPEB Liability

The Town's total OPEB liability of $1,446,146 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	7.5% For 2017 decreasing to an ultimate rate of 5.00% by 2023

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, 2018	
Change for the year	$ 1,387,717
Service cost	93,348
Interest	48,927
Changes of benefit terms	-
Differences between expected and actual experience	(4,111)
Changes in assumptions or other inputs	(52,697)
Benefit payments	(27,038)
Net changes	58,429
Balance at June 30, 2019	$ 1,446,146

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56 % to 3.89%.

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	$ 1,612,088	$ 1,446,146	$ 1,298,214

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 (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Total OPEB liability	$ 1,245,273	$ 1,446,146	$ 1,688,834

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

For the year ended June 30, 2019, the Town recognized OPEB expense of $125,767. At June 30, 2019, 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	$ -	$ 22,167
Changes of assumptions	-	116,845
Benefit payments and administrative costs made subsequent to the measurement date	51,102	-
Total	$ 51,102	$ 139,012

$51,102 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	$ (16,507)
2021	(16,507)
2022	(16,507)
2023	(16,507)
2024	(16,507)
Thereafter	(56,477)
	$ (139,012)

2. Other Employment Benefits

The Town has also 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 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

The Town has one deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Differences between expected and actual experience	$ 202,597
Change of assumptions	307,662
Net difference between projected and actual earnings on pension plan investments	151,298
Change in proportion and differences between Town contributions and proportionate share of contributions	312,404
Town contributions subsequent to the measurement date	476,732
Total	$ 1,450,693

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	$ -	$ 4,159
Prepaid taxes (General Fund)	-	-
Differences between expected and actual experience	27,873	
Changes in assumptions	131,533	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Total	$ 159,406	$ 4,159

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 vent 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, 2019, the Town has no pending claims or judgments.

6. Long Term Obligations

a. Installment Purchases:

Governmental Activities

In March 2006, the Town entered into a direct placement installment purchase contract with BB&T for the purchase of property located on 915 W. Ft. Macon Rd, Atlantic Beach. The property is pledged as collateral for the debt while the debt is outstanding. In November 2010, the loans were modified with interest at an annual rate of 1.97%. The note is due in annual variable installments with a fixed principal component of $266,667. Payments are due beginning on March 15, 2007, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on March 15, 2021. The Town does not expect to prepay any of the obligations prior to the scheduled payment dates. The combined balance outstanding at June 30, 2019 was $533,334.

In December 2018, the Town entered into a direct placement installment purchase contract with Branch Banking and Trust Company for the purchase of an Ambulance. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning December 6, 2019 of $20,527, with an interest rate if 3.61%. The balance outstanding at June 30, 2019 was $125,000.

In November 2012, the Town entered into a direct placement installment purchase contract with First Bank for the purchase of an Emergency Fire Truck. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning November 1, 2013 of $55,590, with an interest rate if 1.75%. The balance outstanding at June 30, 2019 was $54,634.

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, 2019 was $182,907.

Annual debt service payments of all installment notes as of June 30, 2019, including $30,603 of interest, are as follows:

	Governmental Activities		Business-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2020	$ 337,316	$ 15,976	$ 34,804	$ 4,554
2021	283,260	9,187	35,671	3,688
2022	17,192	3,335	36,559	2,800
2023	17,812	2,715	37,470	1,889
2024	18,455	2,072	38,403	956
2025 - 2029	38,933	2,121	-	-
Total	$ 712,968	$ 35,406	$ 182,907	$ 13,887

b. Changes in General Long-Term Liabilities

At June 30 2019, the Town of Atlantic Beach had a legal debt margin of $127,385,214.

	Balance 07/01/18	Increases	Decreases	Balance 06/30/19	Current Portion
Governmental activities:					
Direct Placement Installment purchases	$ 908,329	$ 125,000	$ 320,361	$ 712,968	$ 337,316
Compensated absences	185,522	92,372	113,101	164,793	113,101
Total OPEB liability	1,276,700	53,754	-	1,330,454	-
Net pension liability (LGERS)	664,522	349,493	-	1,014,015	-
Net pension liability (LEOSSA)	547,700	-	94,072	453,628	-
Governmental activity long-term liabilities	$ 3,582,773	$ 620,619	$ 527,534	$ 3,675,858	$ 450,417
Business-type activities:					
Direct Placement Installment purchases	$ 216,866	$ -	$ 33,959	$ 182,907	$ 34,804
Net pension liability (LGERS)	57,785	30,390	-	88,175	-
Compensated absences	20,404	3,509	-	23,913	7,500
Total OPEB liability	111,017	4,675	-	115,692	-
Business-type activity long-term liabilities	$ 406,072	$ 38,574	$ 33,959	$ 410,687	$ 42,304

c. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, consist of the following:

Descriptions	Transfer In	Transfer Out
General Fund	$ 211,158	$ -
Public Utilities Fund	-	211,158
	$ 211,158	$ 211,158

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

The transfer from the Public Utility Fund to the General Fund is for debt service payment for the Town-owned property purchased for future uses by both funds ($96,000) and for stormwater project construction ($144,673).

d. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	$ 10,602,425	$ 2,604,865
Less: Long-term debt	712,968	182,907
Net investment in capital assets	$ 9,889,457	$ 2,421,958

e. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	$ 4,243,451
Less:	
Stabilization by State Statute	920,792
Streets - Powell Bill	330,550
Working Capital/Fund Balance Policy	762,700
Remaining Fund Balance	2,229,409

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 is 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 Supplementary Financial Data

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

- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

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

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.04646%	0.04728%	0.04710%	0.05260%	0.0510%	0.0511%
Town's proportion of the net pension liability (asset) ($)	$ 1,102,190	$ 722,307	$ 1,000,256	$ 236,021	$ (299,237)	$ 615,951
Town's covered payroll	$ 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	38.26%	25.46%	35.53%	9.08%	(11.63%)	25.83%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	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 Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 425,630	$ 404,971	$ 394,056	$ 357,608	$ 358,156	$ 347,320
Contributions in relation to the contractually required contribution	425,630	404,971	394,056	357,608	358,156	347,320
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$ 2,972,487	$ 2,880,471	$ 2,836,696	$ 2,815,405	$ 2,599,100	$ 2,572,741
Contributions as a percentage of covered payroll	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, 2019

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

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, 2019

	2019	2018	2017
Total pension liability	$ 453,628	$ 547,700	$ 393,196
Covered payroll	793,412	832,244	850,042
Total pension liability as a percentage of covered payroll	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, 2019*

	2019	2018
Total OPEB Liability		
Service cost	$ 93,348	$ 100,558
Interest	48,926	40,905
Changes of benefit terms	-	-
Differences between expected and actual experience	(4,111)	(23,034)
Changes of assumptions	(52,697)	(86,548)
Benefit payments	(27,038)	(6,214)
Net change in total OPEB liability	58,428	25,667
Total OPEB liability - beginning	1,387,717	1,362,050
Total OPEB liability - ending	$ 1,446,145	$ 1,387,717
Town's covered payroll	$ 2,825,143	$ 2,825,143
Town's OPEB liability as a percentage of its covered payroll	51.19%	49.12%

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

Notes to Schedule

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

Fiscal year	Rate
2018	3.56%
2019	3.89%

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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.

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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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current collections of unit-wide levy		2,636,520	
Prior years' levy collections		3,072	
Penalties and interest		5,487	
Total taxes	2,634,755	2,645,079	10,324
Unrestricted intergovernmental:			
Local option sales tax		1,173,993	
Carteret County ABC revenue		157,433	
Beer/wine tax		6,468	
Utilities sales tax		317,054	
Cable Vision franchise tax		77,328	
Telecommunications sales tax		28,430	
Solid Waste Disposal Tax		1,049	
	1,704,900	1,761,755	56,855
Restricted intergovernmental:			
Public Safety Grants		107,528	
FEMA		495,495	
NC Resiliency Grant		500,000	
Donations/Skatepark		30,100	
Powell Bill allocation		57,361	
	1,401,233	1,190,484	(210,749)
Total intergovernmental	3,106,133	2,952,239	(153,894)
Permits, fees and assessments:			
Beach permits		29,500	
Building permits		236,810	
Business registration fee		5,170	
Total permits, fees and assessments	261,000	271,480	10,480

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, 2019

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Parking meter		182,858	
Solid waste fees		533,116	
Parking violations		16,730	
Refuse cart sales		27,324	
Debris/White goods fee		75,471	
EMS revenue		97,317	
Cell tower lease		80,490	
Re-Entry pass fees		26,050	
Recreation fees		37,160	
Other Fees		32,575	
Total sales and services	1,058,260	1,109,091	50,831
Investment Earnings:			
General fund interest on investments		57,102	
Other funds interest on investments		5,352	
Total interest	52,000	62,454	10,454
Miscellaneous revenue:			
ABPD citizen donations		3,150	
Private donations		41,240	
Sales tax refund		44,560	
Mini golf		66,436	
Miscellaneous		41,756	
Total miscellaneous	189,805	197,142	7,337
Total revenue	7,301,953	7,237,485	(64,468)
Expenditures			
General Government:			
Mayor and council:			
Salaries and employee benefits		20,842	
Professional services		45,684	
Membership dues		4,616	
Other operating expenditures		10,963	
	95,326	82,105	13,221

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, 2019

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		203,248	
Insurance - other		1,234	
Employee development		2,222	
Printing and postage		17,849	
Computers and small equipment		29,436	
Supplies		5,033	
Equipment rental		27,222	
Miscellaneous		12,880	
	329,020	299,124	29,896
Finance:			
Salaries and employee benefits		150,518	
Professional services		34,694	
Departmental supplies		6,381	
Bank charges		11,423	
Sales tax		69,131	
Miscellaneous		1,052	
	340,876	273,199	67,677
Public buildings:			
Salaries and employee benefits		417,717	
Insurance - other		21,451	
Utilities		32,497	
Building maintenance		125,028	
Janitorial supplies		4,948	
Landscaping		8,596	
Professional services		80,837	
Departmental supplies		49,534	
Capital outlay		30,555	
Miscellaneous		215,824	
	1,226,145	986,987	239,158
Total general government	1,991,367	1,641,415	349,952

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, 2019

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		1,414,238	
Insurance - other		21,084	
Employee development		5,341	
Fuel		30,128	
Repairs and maintenance		16,152	
Printing and postage		1,913	
Departmental supplies		10,083	
Computers and small equipment		28,589	
Capital outlay		16,605	
Uniforms		4,884	
Marine patrol		8,174	
Viper radio grant		142,916	
Miscellaneous		8,887	
	1,747,353	1,708,994	38,359
Fire/EMS:			
Salaries and employee benefits		1,150,629	
Insurance-other		19,758	
Communication maintenance		4,386	
Employee development		3,018	
Fuel		7,121	
Equipment maintenance		1,575	
Capital outlay		177,301	
Postage		2,195	
Departmental supplies		18,207	
Fire prevention supplies		396	
Uniforms		6,288	
Vehicle maintenance		33,915	
EMS Collections		5,767	
Rescue supplies		17,613	
Computers and small equipment		4,300	
Miscellaneous		13,634	
	1,505,030	1,466,103	38,927

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, 2019

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Building inspection			
Salaries and employee benefits		31,915	
Insurance - other		1,682	
Contract services		42,831	
Employee development		1,505	
Fuel		254	
Equipment maintenance		72	
Postage		780	
Department supplies		1,429	
Miscellaneous		5,042	
	99,699	85,510	14,189
Rescue units:			
Departmental supplies		5,237	
Employee development		453	
Miscellaneous		1,780	
	9,395	7,470	1,925
Lifeguards:			
Salaries and employee benefits		38,907	
Departmental supplies		2,220	
Uniforms		705	
Miscellaneous		4,688	
	49,700	46,520	3,180
Total public safety	3,411,177	3,314,597	96,580
Transportation:			
Streets and highways:			
Salaries and employee benefits and benefits		253,811	
Paving/patching		63,205	
Traffic control devices		229	
Drainage		11,999	
Miscellaneous		3,088	
	516,010	449,348	66,662
Total transportation	516,010	449,348	66,662

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, 2019

	Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Solid waste:			
Salaries and employee benefits		52,294	
Fuel		8,368	
Landfill		292,539	
Contract services		402,645	
Supplies		19,774	
Vehicle maintenance		24,282	
Miscellaneous		2,231	
	827,065	802,133	24,932
Total environmental protection	827,065	802,133	24,932
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits		157,997	
Insurance - other		1,234	
Advertising		1,526	
Employee development		5,913	
Telephone and postage		2,315	
Departmental supplies		1,587	
Miscellaneous		1,938	
	181,565	172,510	9,055
Total economic and physical development	181,565	172,510	9,055
Public Services:			
Beach Access			
Parking supplies		9,958	
Building maintenance		4,321	
Department supplies		24,600	
Janitorial supplies		4,081	
Miscellaneous		36,599	
	94,625	79,559	15,066

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, 2019

	Budget	Actual	Variance Positive (Negative)
Community Events/Recreation:			
Salaries and employee benefits		82,172	
Contracted services		5,848	
Supplies		15,272	
Community promotions		24,648	
Christmas event		2,624	
Beach music festival		38,103	
Capital outlay		26,895	
Flags and banners		7,954	
Street lights		20,860	
Miscellaneous		28,410	
	267,165	252,786	14,379
Total public services	361,790	332,345	29,445
Debt retirement:			
Principal		320,361	
Interest		17,656	
	338,025	338,017	8
Contingency	-	-	-
Total expenditures	7,626,999	7,050,365	576,634
Revenue over (under) expenditures	(325,046)	187,120	512,166
Other financing sources			
Transfers from other funds:			
Public utilities fund		240,673	
Proceeds installment sales		125,000	
Insurance Proceeds		57,109	
Total other financing sources (uses)	$ 325,046	$ 422,782	$ 97,736
Fund balance appropriated	-	-	-
Net Change in fund balance	$ -	609,902	$ 609,902
Fund balances, beginning		3,633,549	
Fund balances, ending		$ 4,243,451	

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Capital Project Fund

Capital Project Funds are used to account for the financial resources used for the acquisition or construction of major town-owned capital facilities.

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Town of Atlantic Beach, North Carolina
Capital Projects Fund - Non Major Governmental Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Interest income	$ -	$ 63,306	4,562	$ 67,868
Occupancy tax income	49,148	100,000	-	100,000
Total revenue	49,148	163,306	4,562	167,868
Other financing sources/(uses):				
Transfer (to)/from General Fund	(49,148)	55,869	(29,515)	26,354
Total other financing sources (uses)	(49,148)	55,869	(29,515)	26,354
Net change in fund balance	$ -	$ 219,175	$ (24,953)	$ 194,222
Fund balance, beginning			219,175	
Fund balance, ending			$ 194,222	

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Enterprise Fund

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.

Public Utilities Fund – This fund is used to account for the operating activities of the Water Department.

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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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Utility Charges	$ 1,130,000	$ 1,152,378	$ 22,378
Total operating revenues	1,130,000	1,152,378	22,378
Non-operating revenues:			
Interest earnings		23,893	
Availability fees		4,769	
Fire hydrants		5,400	
Late fees		20,078	
Storm water fees		290,547	
Connection fees		7,250	
Water capacity use fees		42,734	
Other		737	
Total non-operating revenues	449,208	395,408	(53,800)
Total revenues	1,579,208	1,547,786	(31,422)
Expenditures:			
Administration:			
Salaries		243,241	
Social Security		18,265	
Retirement		35,005	
Pension		12,089	
Insurance - health		19,878	
Workman's comp		6,184	
Communication		11,837	
Employee development		5,451	
Dues		4,411	
Professional Services		1,146	
Computers and small equipment		29,205	
Other		78,699	
Total administration	465,890	465,411	479

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, 2019

	Budget	Actual	Variance Positive (Negative)
Water treatment and distribution:			
Contracted services - maintenance		51,498	
Fuel		10,114	
Lab Analysis		11,270	
Repairs and maintenance - equipment		7,112	
Insurance - other		32,896	
Postage		15,257	
Utilities		56,701	
Building Maintenance		6,355	
Supplies - for operations		11,663	
Chemicals		88,386	
Supplies - for inventory		34,750	
Uniforms		2,849	
Other		28,607	
Vehicle maintenance		1,937	
Professional services		390,000	
Total water treatment and distribution	754,700	749,395	5,305
Debt Services:			
Principal retirement		33,959	
Interest		4,568	
Total debt services	39,360	38,527	833
Capital outlay:			
Total capital outlay	145,000	144,369	631
Total expenditures	1,404,950	1,397,702	7,248
Revenue over (under) expenditures	174,258	150,084	(24,174)

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, 2019

	Budget	Actual	Variance Positive (Negative)
Other Financing Sources/(Uses)			
Proceeds from sale of assets	-	-	-
Fund balance appropriated	36,900	-	(36,900)
Transfer to General Fund	(211,158)	(211,158)	-
Total other financing (uses)	(174,258)	(211,158)	(36,900)
Revenues under expenditures and other financing sources (uses)	$ -	(61,074)	$ (61,074)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		144,369	
Principal payments		33,959	
Depreciation		(189,818)	
Change in accrued vacation pay		(3,509)	
(Increase) decrease in net pension liability		(30,390)	
Increase (decrease) in deferred outflows of resources for pensions		29,720	
(Increase) decrease in deferred inflows of resources for pensions		(1,683)	
Change in accrued OPEB		(4,675)	
Total reconciling items		22,469	
Change in net position		$ (38,605)	

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Additional and Required Financial Data

Section I contains other additional financial information that provides detailed analysis of particular aspects of the Town's financial position or results of operations.

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

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Town of Atlantic Beach, North Carolina
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2019

Fiscal Year	Uncollected Balance July 01, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	$ -	$ 2,642,025	$ 2,639,613	$ 2,412
2017-2018	4,713	-	$ 3,915	798
2016-2017	575	-	453	122
2015-2016	250	-	208	42
2014-2015	120	-	69	51
2013-2014	20	-	7	13
2012-2013	51	-	3	48
2011-2012	17	-	1	16
2010-2011	84	-	-	84
2009-2010	573	-	-	573
2008-2009	54	-	54	-
	$ 6,457	$ 2,642,025	$ 2,644,323	$ 4,159

Reconcilement with revenues:	
Ad valorem taxes - General Fund	$ 2,645,079
Reconciling items:	
Interest collected	(5,487)
Taxes written off	4,731
Total ad valorem collections	$ 2,644,323

Town of Atlantic Beach, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2019

	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	$ 1,603,428,485	0.165	$ 2,645,657	$ 2,592,279	$ 53,378
Total	1,603,428,485		2,645,657	2,592,279	53,378
Discoveries:					
Current year taxes	7,842,424	0.165	$ 12,940	12,940	-
Total	1,611,270,909		2,658,597	2,605,219	53,378
Abatements	(10,043,636)	0.165	(16,572)	(16,572)	-
Total property valuation	$ 1,601,227,273				
Net levy			2,642,025	2,588,647	53,378
Uncollected taxes at June 30, 2019			(2,412)	(2,412)	-
Current year's taxes collected			$ 2,639,613	$ 2,586,235	$ 53,378
Current levy collection percentage			99.91%	99.91%	100.00%

Statistical Section
Unaudited

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Town of Atlantic Beach
Description of the Statistical
Schedules June 30, 2019

Contents

Financial Trends	**Table**
These schedules contain trend information to assist users in understanding and assessing how the Town's financial position has changed over time.	1 - 4
Revenue Capacity	
These schedules contain information to assist users in understanding and assessing the factors affecting the Town's ability to generate its own-source revenues.	5 - 8
Debt Capacity	
These schedules present information to assist users in understanding and assessing the Town's debt burden and its ability to issue additional debt.	9 - 12
Demographic and Economic Information	
These schedules offer demographic and economic information to assist users in understanding the environment within which the Town operates.	13
Operating Information	
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.	14-17

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

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Town of Atlantic Beach **Table 1**

Net Position by Activity

Governmental and Business Type Functions

Last Ten Years

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net position:										
Invested in capital assets, net of related debt	$ 9,889,457	$ 9,623,001	$ 9,460,931	$ 7,233,720	$ 5,790,759	$ 5,190,369	$ 4,006,135	$ 3,556,987	$ 3,197,982	$ 2,751,369
Restricted - Streets -P.Bill	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533	167,736	377,427
Restricted - State Statute	920,792	466,144	546,284	522,930	486,513	405,933	351,456	354,059	391,994	-
Unrestricted	1,415,441	1,381,771	2,139,816	3,697,071	4,360,854	4,099,790	4,877,637	4,932,707	4,901,359	5,091,272
Total net position	$ 12,556,240	$ 11,738,754	$ 12,390,858	$ 11,638,302	$ 10,762,815	$ 9,760,551	$ 9,420,535	$ 9,000,286	$ 8,659,071	$ 8,220,068
Business Type Activities										
Net position:										
Invested in capital assets, net of related debt	$ 2,421,958	$ 2,483,094	$ 2,586,059	$ 2,627,726	$ 2,639,622	$ 2,849,277	$ 2,923,729	$ 3,037,055	$ 3,060,385	$ 3,131,135
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,346,283	1,323,752	1,270,412	1,588,398	1,668,060	1,714,055	1,951,590	2,215,488	2,334,469	2,349,454
Total net position	$ 3,768,241	$ 3,806,846	$ 3,856,471	$ 4,216,124	$ 4,307,682	$ 4,563,332	$ 4,875,319	$ 5,252,543	$ 5,394,854	$ 5,480,589
Total Primary Government										
Net position:										
Invested in capital assets, net of related debt	$ 12,311,415	$ 12,106,095	$ 12,046,990	$ 9,861,446	$ 8,430,381	$ 8,039,646	$ 6,929,864	$ 6,594,042	$ 6,258,367	$ 5,882,504
Restricted - Streets -P.Bill	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533	167,736	377,427
Restricted - State Statute	920,792	466,144	546,284	522,930	486,513	405,933	351,456	354,059	391,994	-
Unrestricted	2,761,724	2,705,523	3,410,228	5,285,469	6,028,914	5,813,845	6,829,227	7,148,195	7,235,828	7,440,726
Total net position	$ 16,324,481	$ 15,545,600	$ 16,247,329	$ 15,854,426	$ 15,070,497	$ 14,323,883	$ 14,295,854	$ 14,252,829	$ 14,053,925	$ 13,700,657

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Program revenues:										
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Government	458,774	246,602	176,750	170,194	160,112	135,328	107,870	105,156	102,922	53,702
Public Safety	536,865	593,458	696,489	645,932	726,246	511,600	532,682	503,019	429,284	384,492
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	-	-	99,087	82,451	-	-	58,641	60,995	56,476	53,662
Environmental Protection	635,911	620,392	538,977	534,696	531,006	525,441	517,538	518,760	519,316	515,609
Cultural and Recreation	133,696	84,923	-	-	-	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,160,384	166,832	58,699	197,194	302,200	217,777	267,984	266,272	169,915	84,438
Capital Grants & Contributions	-	-	371,884	487,900	-	-	-	-	80,000	-
General revenues:										
Property taxes	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669	2,819,505	2,835,564	2,870,414	2,874,994
Other taxes	-	66,749	5,395	6,955	1,562	13,951	22,742	23,181	20,699	20,270
Unrestricted intergovernmental revenues:										
Local option sales tax	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257	960,118	914,057	829,358	841,881
Utilities sales tax	317,054	305,925	304,233	324,601	309,061	205,112	188,339	184,028	208,444	204,847
Cable vision franchise tax	77,328	83,160	87,061	87,123	92,565	90,306	92,300	94,653	124,288	124,388
Telecommunications sales tax	28,430	30,995	33,801	34,098	40,513	42,142	44,151	47,493	48,468	51,022
Other intergovernmental revenues	7,517	10,956	11,084	10,919	11,677	11,090	10,930	11,475	12,139	6,978
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	(138)	6,000
Other	145,163	76,703	27,811	15,014	103,838	27,946	55,431	26,372	29,298	64,259
Total Revenues	7,317,776	5,992,616	6,068,674	6,189,633	6,053,800	5,511,619	5,678,231	5,591,025	5,500,883	5,286,542
Expenses:										
General Government	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997	1,068,784	1,187,227	1,168,657	1,215,910
Public Safety	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342	2,888,154	3,093,509	3,007,024	3,025,793
Transportation	389,025	568,436	690,001	603,668	528,964	466,616	531,179	478,512	624,524	425,540
Economic & Physical Development	172,005	146,868	408,935	95,982	15,616	111,892	99,748	114,032	90,149	79,807
Environmental Protection	813,324	488,961	149,295	482,931	445,113	468,563	443,724	437,892	319,445	419,622
Cultural and Recreation	329,544	386,532	509,490	236,053	168,692	478,995	301,301	205,558	100,741	23,995
Interest on Long-Term Debt	15,381	22,218	29,050	34,327	42,337	49,099	81,425	103,169	127,753	158,410
Water	-	-	-	-	-	-	-	-	-	-
Total Expenses	6,711,448	5,713,551	6,032,591	5,572,792	5,017,210	5,274,504	5,414,315	5,619,899	5,438,293	5,349,077
Increase (decrease) in net position before transfers	606,328	279,065	36,083	616,841	1,036,590	237,115	263,916	(28,874)	62,590	(62,535)
Transfers	211,158	306,200	914,000	258,646	365,025	102,900	156,333	370,089	376,413	355,737
Increase (decrease) in net position	$ 817,486	$ 585,265	$ 950,083	$ 875,487	$ 1,401,615	$ 340,016	$ 420,249	$ 341,215	$ 439,003	$ 293,202

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

Table 2.1

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Program revenues:										
Charges for services-Water	$ 1,524,792	$ 1,634,484	$ 1,790,537	$ 1,448,973	$ 1,435,891	$ 1,188,448	$ 1,133,273	$ 1,150,477	$ 1,206,785	$ 1,171,130
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	23,893	11,321	4,607	4,011	5,161	6,347	7,085	8,840	11,006	80,737
Total Revenues	1,548,685	1,645,805	1,795,144	1,452,984	1,441,052	1,194,795	1,140,358	1,159,317	1,217,791	1,251,867
Expenses:										
General Government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and Physical Developmen	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539	927,113	891,990
Total Expenses	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539	927,113	891,990
Increase (decrease) in net position before transfers	172,553	350,132	554,347	167,088	144,102	(209,087)	(220,891)	227,778	290,678	359,877
Transfers	(211,158)	(306,200)	(914,000)	(258,646)	(365,025)	(102,900)	(156,333)	(370,089)	(376,413)	(355,737)
Increase (decrease) in net position after transfers	$ (38,605)	$ 43,932	$ (359,653)	$ (91,558)	$ (220,923)	$ (311,987)	$ (377,224)	$ (142,311)	$ (85,735)	$ 4,140

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Program revenues:										
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Government	458,774	246,602	176,750	170,194	160,112	135,328	107,870	105,156	102,922	53,702
Public Safety	536,865	593,458	696,489	645,932	726,246	511,600	532,682	503,019	429,284	384,492
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	-	-	99,087	82,451	-	-	58,641	60,995	56,476	53,662
Environmental Protection	635,911	620,392	538,977	534,696	531,006	525,441	517,538	518,760	519,316	515,609
Cultural and Recreation	133,696	84,923	-	-	-	-	-	-	-	-
Interest on Long Term Debt								-	-	-
Water	1,524,792	1,634,484	1,790,537	1,448,973	1,435,891	1,188,448	1,133,273	1,150,477	1,206,785	1,171,130
Operating grants and contributions	1,160,384	166,832	58,699	197,194	302,200	217,777	267,984	266,272	169,915	84,438
Capital Grants & Contributions	-	-	371,884	487,900	-	-	-	-	80,000	-
General revenues:										
Property taxes	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669	2,819,505	2,835,564	2,870,414	2,874,994
Other taxes	-	66,749	5,395	6,955	1,562	13,951	22,742	23,181	20,699	20,270
Unrestricted intergovernmental revenues:										
Local option sales tax	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257	960,118	914,057	829,358	841,881
Utilities franchise tax	317,054	305,925	304,233	324,601	309,061	205,112	188,339	184,028	208,444	204,847
Cable vision franchise tax	77,328	83,160	87,061	87,123	92,565	90,306	92,300	94,653	124,288	124,388
Telecommunications sales tax	28,430	30,995	33,801	34,098	40,513	42,142	44,151	47,493	48,468	51,022
Other intergovernmental revenues	7,517	10,956	11,084	10,919	11,677	11,090	10,930	11,475	12,139	6,978
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	(138)	6,000
Other	169,056	88,024	32,418	19,025	108,999	34,293	62,516	35,212	40,304	144,996
Total Revenues	8,866,461	7,638,421	7,863,818	7,642,617	7,494,852	6,706,414	6,818,589	6,750,342	6,718,674	6,538,409
Expenses:										
General Government	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997	1,068,784	1,187,227	1,168,657	1,215,910
Public safety	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342	2,888,154	3,093,509	3,007,024	3,025,793
Transportation	389,025	568,436	690,001	603,668	528,964	466,616	531,179	478,512	624,524	425,540
Economic and Physical Development	172,005	146,868	408,935	95,982	15,616	111,892	99,748	114,032	90,149	79,807
Environmental Protection	813,324	488,961	149,295	482,931	445,113	468,563	443,724	437,892	319,445	419,622
Cultural and Recreation	329,544	386,532	509,490	236,053	168,692	478,995	301,301	205,558	100,741	23,995
Interest on Long-Term Debt	15,381	22,218	29,050	34,327	42,337	49,099	81,425	103,169	127,753	158,410
Water	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539	927,113	891,990
Total Expenses	8,087,580	7,009,224	7,273,388	6,858,688	6,314,160	6,678,386	6,775,564	6,551,438	6,365,406	6,241,067
Increase (decrease) in net position before transfers	778,881	629,197	590,430	783,929	1,180,692	28,028	43,025	198,904	353,268	297,342
Transfers										-
Increase (decrease) in net position after transfers	$ 778,881	$ 629,197	$ 590,430	$ 783,929	$ 1,180,692	$ 28,029	$ 43,025	$ 198,904	$ 353,268	$ 297,342

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

Table 3

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Restricted for:										
State statute	$ 920,792	$ 466,144	$ 546,284	$ 522,930	$ 486,513	$ 405,933	$ 351,456	$ 354,059	$ 391,994	$ 341,800
Streets Powell bill	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533	167,736	377,427
Unassigned, General Fund	2,992,109	2,899,567	2,584,031	3,909,063	4,707,935	4,342,286	5,115,741	5,024,380	4,961,504	4,756,227
Assigned - Subsequent Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Total	4,243,451	3,633,549	3,374,142	4,616,574	5,319,137	4,812,678	5,652,504	5,534,972	5,521,234	5,475,454
All other Governmental Funds										
Assigned, reported in:										
Beach Renourishment	194,222	219,175	217,007	216,485	215,967	236,473	235,828	338,035	336,902	335,557
Total Fund Balances of Governmental Funds	$4,437,673	$3,852,724	$3,591,149	$4,833,059	$5,535,104	$5,049,151	$5,888,332	$5,873,007	$5,858,136	$ 5,811,011

Table 4

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES										
Ad valorem taxes	$ 2,645,079	$ 2,619,334	$ 2,594,908	$ 2,559,319	$ 2,748,662	$ 2,750,085	$ 2,827,985	$ 2,814,843	$ 2,871,282	$ 2,911,432
Other taxes and licenses	-	-	5,395	6,955	1,562	13,951	22,742	23,181	20,699	20,270
Unrestricted intergovernmental	1,761,755	1,682,535	1,675,790	1,663,809	1,651,201	1,464,235	1,403,708	1,356,862	1,325,619	1,282,818
Restricted intergovernmental	1,190,484	114,492	430,583	686,895	177,662	99,986	260,084	257,236	239,374	74,921
Permits and fees	271,480	309,621	280,887	270,312	379,055	159,201	158,723	118,539	122,504	127,390
Sales and services	1,109,091	1,075,434	960,372	904,391	907,169	882,823	906,816	876,180	846,075	801,721
Investment earnings	62,454	28,752	13,768	8,896	8,114	9,434	15,735	25,239	24,355	47,356
Miscellaneous	197,142	129,136	93,294	86,576	95,566	112,809	56,792	78,610	47,038	34,169
Total revenues	7,237,485	5,959,304	6,054,997	6,187,153	5,968,991	5,492,524	5,652,585	5,550,690	5,496,946	5,300,077
EXPENDITURES										
Current:										
General government	1,610,860	1,203,976	1,140,399	1,247,370	1,030,216	985,726	1,009,350	1,139,634	1,120,438	1,164,434
Public safety	3,120,691	2,893,960	2,954,692	2,815,623	2,729,138	2,721,876	2,688,525	2,877,657	2,801,622	2,757,490
Transportation	449,348	443,292	1,042,595	474,525	561,307	479,020	512,795	469,745	501,367	431,225
Environmental Protection	802,133	462,519	452,712	456,520	471,181	458,579	443,423	436,142	427,808	418,975
Economic & Physical Development	172,510	147,520	132,999	123,895	92,852	90,427	95,130	113,027	89,577	79,455
Public Services	126,226	307,421	433,124	249,100	168,692	201,953	276,865	200,321	92,396	23,556
Capital outlay	430,580	196,467	1,679,934	1,398,275	502,222	1,111,282	779,645	134,285	320,122	51,111
Debt service:										
Principal	320,361	358,748	357,181	355,660	354,155	352,676	300,734	446,717	344,717	342,183
Interest and other charges	17,656	24,493	31,313	38,087	44,846	51,578	92,391	107,995	140,428	164,310
Total expenditures	7,050,365	6,038,396	8,224,949	7,159,055	5,954,609	6,453,117	6,198,858	5,925,523	5,838,475	5,432,739
Revenue over (under) expenditures	187,120	(79,092)	(2,169,952)	(971,902)	14,382	(960,593)	(546,273)	(374,833)	(341,529)	(132,662)
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	240,673	306,200	914,000	258,646	386,084	102,900	259,510	370,089	376,413	355,737
Transfers to/from major funds		-	-	-	-	-	-	-	-	-
Proceeds from sale of assets		8,573	10,050	10,193	90,978	16,466	41,046	16,890	7,298	6,000
Proceeds from insurance proceeds	57,109	23,726	3,470	500	15,015	1,401	-	1,592	3,598	15,726
Proceeds from issuance of debt	125,000	-	-	-	-	-	363,249	-	-	-
Total other financing sources (uses)	422,782	338,499	927,520	269,339	492,077	120,767	663,805	388,571	387,309	377,463
Net change in fund balance	$ 609,902	$ 259,407	$ (1,242,432)	$ (702,563)	$ 506,459	$ (839,826)	$ 117,532	$ 13,738	$ 45,780	$ 244,801
Debt Service as a percentage of noncapital expenditures	5.11%	6.56%	5.94%	6.83%	7.32%	7.87%	7.64%	9.92%	8.94%	9.45%

Town of Atlantic Beach **Table 5**

Assessed and Estimated Actual Value of Taxable Property and Overlapping Rates

Last Ten Fiscal Years

Fiscal Year Ending June 30	Real Property	Personal Property	Public Service Companies	Less Elderly Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value of Real Property
2010	2,220,996,342	66,647,301	5,877,921	736,307	2,292,785,257	0.125	2,573,741,294	112.65%
2011	2,223,162,384	46,056,211	5,634,668	1,142,611	2,273,710,652	0.125	2,229,914,353	98.03%
2012	1,579,468,406	44,360,560	5,469,687	823,322	1,628,475,331	0.170	1,776,313,574	109.36%
2013	1,580,538,840	46,548,292	5,258,224	1,308,472	1,631,036,884	0.170	1,778,975,319	109.36%
2014	1,581,876,781	44,062,526	5,070,562	1,324,350	1,629,685,519	0.165	1,762,879,544	108.42%
2015	1,583,650,114	69,565,997	4,887,773	1,324,350	1,656,779,534	0.165	1,789,806,144	108.40%
2016	1,460,634,761	81,552,851	5,402,610	1,096,445	1,546,493,777	0.165	1,545,909,523	99.96%
2017	1,475,519,789	88,241,025	5,481,832	1,143,276	1,568,099,370	0.165	1,555,114,796	99.12%
2018	1,484,089,281	96,081,946	5,503,545	1,170,855	1,584,503,917	0.165	1,562,539,396	98.52%
2019	1,495,293,902	69,543,928	5,577,865	1,209,365	1,569,206,330	0.165	Not available	Not available

Source: Carteret County Tax Scrolls

Notes:

1. The NC General Statutes require a revaluation of real property at least every eight years. Real property is valued at 100% of estimated value as of the date of the latest revaluation. The last revaluation was effective for the fiscal year ending June 30, 2016.

2. Personal property is valued at 100% of estimated value.

3. Public service property is generally valued at 100% of estimated value. It may be valued at less than 100% in years in which the County's sales to assessment ratio on real property is less than 80%.

4. The Town bills and collects property taxes for real, public service, non-registered motor vehicles and personal property. Property taxes for registered motor vehicles on behalf of the Town are billed and collected under the NC Tax & Tag Program. The values reported above include property taxes billed and collected by the Town and North Carolina.

Table 6

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

Fiscal Year Ended June 30	Direct Rate Atlantic Beach	Overlapping Rate Carteret County	Total Direct & Overlapping Rates
2010	0.125	0.23	0.36
2011	0.125	0.23	0.36
2012	0.17	0.30	0.47
2013	0.17	0.29	0.46
2014	0.165	0.29	0.46
2015	0.165	0.30	0.47
2016	0.165	0.30	0.47
2017	0.165	0.31	0.48
2018	0.165	0.31	0.48
2019	0.165	0.31	0.48

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.

Table 7

Town of Atlantic Beach
Principal Property Tax Payers
June 30, 2019

	FY 2019			FY 2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlantic Newport Hospitality LLC	$22,038,753	1	1.40%			
Atlantic Station Prtnr LLC	10,586,379	2	0.67%	$13,153,261	2	0.58%
Dunes Club, Inc	8,234,306	3	0.52%	12,098,865	3	0.53%
Bunn Fred M Etal	8,106,481	4	0.52%	8,286,426	4	0.36%
Crow Nest Yacht Club, Inc.	6,866,000	5	0.44%	3,928,708	9	0.17%
Coral Bay Club, Inc.	6,832,298	6	0.44%	7,972,908	5	0.35%
Oceanana Resort LLC	3,924,939	7	0.25%	5,037,466	8	0.22%
Duke Energy Progress Inc	3,172,691	8	0.20%			
Williamson Charles Donald	3,128,515	9	0.20%			
Pelican Park Assn	2,788,200	10	0.18%			
GR&S Atlantic Beach LLC				21,764,283	1	0.96%
James H Pou Bailey Jr				6,575,163	6	0.29%
Crosswinds of Atlantic Bch LLC				6,034,752	7	0.26%
Ned T Grady Etux Etal				1,951,583	10	0.09%
	$75,678,562		4.82%	$86,803,415		3.81%

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount	Percentage of Levy
2010	2,843,721	2,839,914	99.87%	3,233	2,843,147	99.98%
2011	2,842,798	2,833,036	99.66%	9,604	2,842,640	99.99%
2012	2,769,501	2,748,169	99.23%	18,855	2,767,024	99.91%
2013	2,777,939	2,767,352	99.62%	8,190	2,775,542	99.91%
2014	2,696,648	2,687,724	99.67%	8,583	2,696,308	99.99%
2015	2,692,663	2,688,525	99.85%	3,809	2,692,334	99.99%
2016	2,506,890	2,502,007	99.81%	3,847	2,505,854	99.96%
2017	2,543,583	2,538,710	99.81%	3,331	2,542,041	99.94%
2018	2,566,717	2,562,004	99.82%	3,090	2,565,093	99.94%
2019	2,588,647	2,586,235	99.91%	0	2,586,235	99.91%

Source: Town of Atlantic Beach Tax Reports

Town of Atlantic Beach **Table 9**
Computation of Legal Debt Margin
June 30, 2019

Total Assessed Valuation	$	1,601,227,273
Legal Debt Margin:		
Debt Limit 8% of Total Assessed Value		128,098,182
Amount of Debt Applicable to Debt Limit		712,968
Legal Debt Margin	$	127,385,214

Town of Atlantic Beach **Table 10**
Computation of Direct and Overlapping Debt
June 30, 2019

	Long-Term Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	$ 712,968	100%	$ 712,968
Overlapping:			
Carteret County	22,100,000	10.61%	2,344,238
	$ 22,812,968		$ 3,057,206

Town's assessed valuation	$ 1,601,227,273
County's assessed valuation	$ 15,095,364,194
	10.61%

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 **Table 11**

Ratios of General Bonded Debt Outstanding

Last Ten Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding	Population Estimate (1)	GO Debt Per Capita
2010	0	1,820	0
2011	0	1,495	0
2012	0	1,506	0
2013	0	1,504	0
2014	0	1,517	0
2015	0	1,510	0
2016	0	1,511	0
2017	0	1,501	0
2018	0	1,497	0
2019	0	1,499	0

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)	Total Debt % of Personal Income
	General Bonded Debt Outstanding	Installment Contracts	General Bonded Debt Outstanding	Installment Contracts					
2010	-	3,415,665	-	-	3,415,665	1,820	1,877	2,583,758	0.13%
2011	-	3,070,948	-	-	3,070,948	1,495	2,054	2,639,299	0.12%
2012	-	2,624,231	-	-	2,624,231	1,506	1,743	2,824,360	0.09%
2013	-	2,686,746	-	-	2,686,746	1,504	1,786	2,888,870	0.09%
2014	-	2,334,070	-	-	2,334,070	1,517	1,539	3,021,043	0.08%
2015	-	1,979,915	-	-	1,979,915	1,510	1,311	3,044,352	0.07%
2016	-	1,624,255	-	-	1,624,255	1,511	1,075	3,172,812	0.05%
2017	-	1,267,075	-	250,000	1,517,075	1,501	1,011	3,297,436	0.05%
2018	-	908,329	-	216,866	1,125,195	1,497	752	N/A	N/A
2019	-	712,968	-	182,907	895,875	1,499	598	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 **Table 13**
Demographic and Economic Information
Last Ten Years

Fiscal Year Ended June 30,	Estimated Population (1)	Unemployment Ratio % (2)	Per Capita Personal Income (3)	Personal Income (3)
2010	1,820	8.4	38,728	2,583,758
2011	1,495	8.5	39,174	2,639,299
2012	1,506	9.3	41,761	2,824,360
2013	1,504	8.5	42,214	2,888,870
2014	1,517	5.5	43,903	3,021,043
2015	1,510	6.0	44,199	3,044,352
2016	1,511	4.8	46,056	3,172,812
2017	1,501	3.9	47,871	3,297,436
2018	1,497	4.0	N/A	N/A
2019	1,499	4.6	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 **Table 14**

Principal Employers

June 30, 2019

	Calendar Year 2018			Calendar Year 2009		
Employer	Employees (FTE's)	Rank	Total Employment	Employees (FTE's)	Rank	Total Employment
Carteret County Board of Education	1000+	1	N/A	1000+	1	N/A
Carteret Health Care	1000+	2	N/A	1000+	2	N/A
County of Carteret	500-999	3	N/A	250-499	3	N/A
Wal-Mart Associates, Inc	250-499	4	N/A	250-499	4	N/A
Lowes Home Improvement	250-499	5	N/A	100-249	10	N/A
Carteret Community College	250-499	6	N/A	250-499	5	N/A
Big Rock Sports LLC	250-499	7	N/A	100-249	9	N/A
Food Lion, LLC	250-499	8	N/A	100-249	8	N/A
Lowes Food Stores	100-249	9	N/A			
Bally Refrigerated Boxes Inc	100-249	10	N/A			
State of North Carolina				250-499	7	N/A
SSA Security Inc				250-499	6	N/A

Notes:

1. 2018 was most recent year for which information is available and includes full-time and part-time workers.
2. Source of information is the Employment Security Commission of North Carolina. Information is available at the county level and presented on that basis.
3. N/A = Information not available.

Town of Atlantic Beach **Table 15**

Full-Time Equivalent Town Government Employees by Function/Programs

Last Ten Years

	Fiscal Year									
Functions/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	3	3	3	3	3	3	3	3	3	3
Public Buildings (1)	8	8	8	8	8	8	8	8	7	7
Public Safety:										
Police	17	18	18	18	18	18	18	19	19	18
Communications	0	0	0	0	0	0	0	0	0	4
Fire/EMS	14	14	14	14	14	14	14	14	14	14
Inspections	1	1	2	2	3	2	2	2	3	3
Transportation:										
Streets and Highways (1)	8	8	8	8	8	8	8	8	8	8
Economic & Physical Development:										
Planning	2	2	2	2	1	1	1	1	1	1
Environmental Protection:										
Solid Waste	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation:										
Parks and Recreation	1	0	0	0	0	0	0	0	0	0
Water:										
Operations	4	4	4	4	4	4	4	4	4	4
Total	**62**	**62**	**63**	**63**	**63**	**62**	**62**	**63**	**63**	**66**

Notes:

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

Town of Atlantic Beach **Table 16**

Operating Indicators by Function/Programs

Last Ten Years

	Fiscal Year									
Functions/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety:										
Police calls answered	30,423	19,588	43,688	54,639	61,646	52,325	30,462	36,382	33,248	15,846
Fire calls answered	675	521	633	633	823	734	574	614	395	473
EMS calls answered	665	617	651	632	518	548	509	500	494	485
Lifeguard calls answered	160	119	130	82	235	241	154	133	245	253
Transportation: (Streets & Highways)										
Miles of streets maintained	23.45	23.45	23.45	23.43	23.43	23.43	22.93	22.93	22.93	22.93
Environmental Protection: (Solid Waste & Sanitation)										
Solid waste collected (tons)	1,966	1,605	1,736	1,736	1,553	1,606	1,595	1,726	2,067	2,307
Recyclables collected (tons)	216	261	231	213	197	215	197	167	205	164
Yard debris collected (tons)	122	197	179	125	351	458	404	434	519	517
Public beach accesses (improved w/ structures)	20	20	20	17	16	16	15	15	15	15
Public beach accesses (unimproved)	2	2	2	3	4	4	4	3	3	3
Public beachfront maintained (miles)	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water:										
Number of customers served	7,151	7,160	7,147	7,106	7,089	6,969	6,980	6,984	6,859	6,973
Ave. daily consumption - summer (gallons)	888,148	843,447	770,236	845,710	839,260	857,890	796,674	892,126	1,241,000	1,030,000
Ave. daily consumption - winter (gallons)	510,016	456,104	380,369	395,732	427,879	414,953	401,830	410,725	349,570	360,940

Town of Atlantic Beach **Table 17**

Capital Asset Statistics by Function/Program

Last Ten Years

	Fiscal Year									
Functions/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Public beach accesses (improved w/ structures)	20	20	20	17	16	16	15	15	15	15
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	22	20	20	20	20	20	20	20	20	20
Number of patrol boats	2	2	2	2	2	2	2	2	2	2
Number of fire/EMS stations	1	1	1	1	1	1	1	1	1	1
Number of engines	2	2	2	2	2	2	2	2	2	2
Number of ambulances	2	2	2	2	2	2	2	2	2	2
Number of rescue trucks	1	1	1	1	1	1	1	1	1	1
Number of rescue boats	1	1	1	1	1	1	1	1	1	1
Transportation: (Streets & Highways)										
Miles of streets	23.45	23.45	23.45	23.43	23.43	23.43	22.93	22.93	22.93	22.93
Environmental Protection: (Solid Waste & Sanitation)										
Number of yard waste trucks	2	2	2	2	2	2	2	2	2	2
Number of backhoes	2	2	2	2	2	2	2	2	2	2
Water:										
Number of Wells	7	7	7	6	6	6	6	6	6	6
Number of water tanks	3	3	3	3	3	3	3	3	3	3
Capacity of water tanks (gallons each)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Daily max. pumping capacity of wells (gal/day)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Miles of water mains	50	50	50	50	50	50	50	50	50	50

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Compliance Section

- Report On Internal Control Over Financial Reporitng And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed in Accordance with *Governmental Auditng Standards*

- Schedule of Findings and Questioned Costs

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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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Atlantic Beach's basic financial statements, and have issued our report thereon dated October 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Atlantic Beach's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Atlantic Beach's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wilmington, North Carolina
October 25, 2019

Town of Atlantic Beach, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ___yes _X_no
- Significant Deficiency(s) identified? ___yes _X_no

Noncompliance material to financial statements noted? ___yes _X_no

Town of Atlantic Beach, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019

Section II – Financial Statement Findings

None.

Town of Atlantic Beach, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2019

Section II – Financial Statement Findings

None.