

Town of Wrightsville Beach North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

TOWN OF WRIGHTSVILLE BEACH NORTH CAROLINA



1899

*Comprehensive
Annual
Financial
Report*

*Fiscal Year Ended
June 30, 2019*

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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Introductory Section

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Town of Wrightsville Beach

P. O. Box 626, 321 Causeway Drive
Wrightsville Beach, North Carolina 28480
Phone: 910-256-7900 – Fax: 910-256-7910

November 13, 2019

The Honorable Mayor Bill Blair,
Board of Aldermen, and Citizens of the
Town of Wrightsville Beach, North Carolina

The Comprehensive Annual Financial Report of the Town of Wrightsville Beach (Town) for the fiscal year ending June 30, 2019, is hereby submitted as mandated by North Carolina General Statutes. State law requires that all general-purpose governments publish a complete set of financial statements annually. These statements must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Town of Wrightsville Beach. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

INDEPENDENT AUDIT

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local government units. The Town of Wrightsville Beach's financial statements have been audited by Martin Starnes and Associates CPAs, P.A. an independent firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the Town's financial statements for the fiscal year ending June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Wrightsville Beach's financial statements for the fiscal year ended June 30, 2019, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

THE TOWN AND ITS GOVERNMENTAL STRUCTURE

The Town of Wrightsville Beach is located in the eastern portion of New Hanover County. The Town consists of two islands and a small area of commercial satellite annexations on the mainland. Wrightsville Beach is located about ten miles east of downtown Wilmington, North Carolina. The islands are located on the Atlantic Ocean and separated from the mainland by the Intracoastal Waterway and tidal marshes. Access is limited to a drawbridge that is maintained by the State of North Carolina. The Town, which was incorporated in 1899, consists of 1.3 square miles of land.

The Town has a Council-Manager form of government. The Board of Aldermen consists of a Mayor and four Aldermen elected at large every four years with staggered terms. The Mayor is elected for a two-year term. The Board of Aldermen is the governing body of the Town with the Mayor as a voting member and the presiding officer. The Town Manager, who is appointed by the Board of Aldermen, administers the daily operations of the Town and is responsible for implementing and explaining the policies of the Board.

The Town provides a full range of services including police and fire protection, ocean rescue, first responder medical services, planning and inspections, construction and maintenance of streets and infrastructure, water and wastewater services, stormwater management, sanitation, animal control, and parks and recreation. The Town also provides administrative and technical services.

Wrightsville Beach is a well-established "family" beach resort community with excellent facilities for wading, swimming, boating and fishing. The Town has no manufacturing industry and is served by two US highways. The permanent population of 2,505 increases dramatically in the summer season to an estimated 30,000 plus.

ECONOMIC CONDITIONS AND OUTLOOK

According to the Bureau of Labor Statistics, the United States unemployment rate is currently 3.6%, with North Carolina at 4.2%. Results from the U. S. Census Bureau Quick Facts Reports show almost 16% of New Hanover County's population living in poverty. Although specific socioeconomic demographics are not available for Wrightsville Beach, the Town has fared much better than the County and State.

Tourism is the Town's main industry. Revenues from the room occupancy tax have increased more than 22% since 2011. The Town relies heavily on this revenue to help offset the cost of providing services such as ocean rescue, beach patrol and additional trash collection for tourists and seasonal residents.

The Town finished the fiscal year in relatively good financial condition. Overall, revenues exceeded projections due in part to increases in sales tax, recreation fees, parking revenues, building permits, and room occupancy tax. Conservative revenue projections and expenditure policies resulted in a healthy fund balance at the end of FY 2019. The Town began the fiscal year with a fund balance of \$11.536 million and ended the year with a fund balance of \$12.976 million.

MAJOR INITIATIVES, ISSUES AND ACCOMPLISHMENTS

- Projects funded through Room Occupancy Tax (ROT) Revenues – The Town continued to rely heavily on revenues derived from Room Occupancy Tax (ROT) to support programs critical to both tourism and beach renourishment. The Tourism Development Authority (TDA) oversees the expenditure of a portion of ROT funds dedicated to the Town to support tourism related activities. During FY 2019, the TDA approved more than \$550,000 to fund the Town's ocean rescue and beach patrol programs, fireworks and advertising costs for the North Carolina Holiday Flotilla, and lease of the Trolley Stop restroom facilities in the downtown area.
- Hurricane Recovery and Preparedness – The Town had significant impact from Hurricane Florence in September 2018, and continues to work closely with FEMA to complete recovery projects and receive reimbursement. Additional training and preparedness measures continue to occur for future events.
- General Fund Projects – During FY 2019, the General Fund was able to complete several major projects including the following:
 - Budget for a 1% COLA and 0-2% Merit bonus for eligible employees.
 - Replacement of two switches, door access control system (Public Safety Building) and video surveillance server. Added server host for virtual environment and 1 additional camera for the PD lab room
 - Replacement or purchase of Pay Stations and Smart Credit Card Parking meters.
 - Street repair on Myrtle Court
 - Replacement of vehicles in multiple departments.
 - Transfer of funds for future Capital purchases in most departments.
- Water and Sewer Fund Projects – During FY 2019, the Water & Sewer Fund was able to complete several major projects including the following:
 - Budget for a 1% COLA and a 0-2% merit bonus for eligible employees.
 - Begin work on water and sewer improvements/rehabilitation on Salisbury Street

FINANCIAL POLICIES

Fund Balance Policy. Since 1993, one of the Town's key financial goals has been the maintenance of an undesignated fund balance equal to or greater than 34.5% of current year General Fund expenditures. Even during the recent fiscal climate, the Town has maintained a healthy fund balance due to conservative revenue projections and aggressive management of expenditures.

Budget Control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1st of each year. The annual budget serves as the basis for the Town's financial planning and budgetary control. The Town's responsibility for sound financial management is demonstrated by the statements and schedules included in the financial section of this report.

Long-term Financial Planning through the Capital Improvement Program. In addition to the annual budget, the Town prepares a Five-Year Capital Improvement Program each year. The primary objective is to set aside funds for projects and vehicle and equipment purchases that will occur within a 5-year period. Due to limited revenues, some capital

projects and purchases were shifted to future years, but there were several significant items that the Town funded during FY 2019 including:

- Contributions to a dedicated reserve fund for beaches and inlet maintenance.
- Contributions to a dedicated reserve fund for Police Car replacement.
- Contributions to a dedicated reserve fund for future purchase of portable radios.
- Contributions to a dedicated reserve fund for a Loadpacker for Public Works.

GFOA CERTIFICATE OF ACHIEVEMENT PROGRAM

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 Wrightsville Beach for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This is the twenty fourth consecutive year that the Town 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. A special note of appreciation goes to our auditor, Marcie Spivey of Martin-Starnes and Associates, CPAs, P.A. Without her dedicated support and assistance, the production of this document would not have been possible.

As required by North Carolina General Statute 159-34, a copy of this report will be filed with the Secretary of the North Carolina Local Government Commission. A copy will also be placed on file in the Clerk's office for public inspection.

Respectfully submitted,



Timothy Owens
Town Manager

Respectfully submitted,



Melissa Norton
Finance Officer

TOWN OF WRIGHTSVILLE BEACH NORTH CAROLINA

Board of Aldermen

William Blair, Mayor

Daryl Mills, Mayor Pro Tem

Elizabeth King

Hank Miller, III

Ken Dull

Town Manager

Timothy Owens

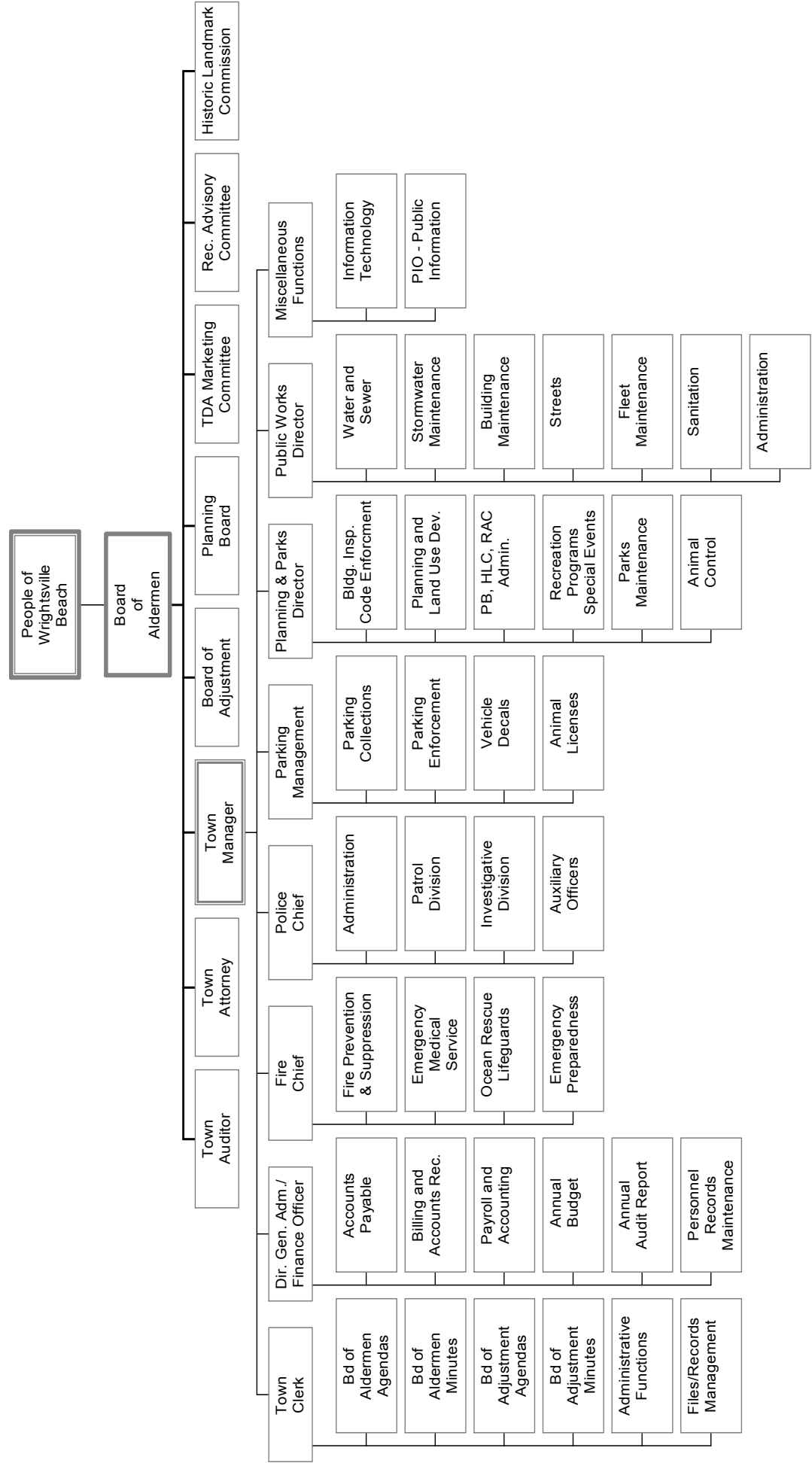
Finance Officer

Melissa Norton

TOWN OF WRIGHTSVILLE BEACH
LIST OF TOWN OFFICIALS
JUNE 30, 2019

TITLE	NAME
Mayor	Bill Blair
Mayor Pro Tem	Darryl Mills
Alderman	Ken Dull
Alderman	Elizabeth King
Alderman	Hank Miller, III
Town Attorney	John Wessell, III
Town Manager	Timothy Owens
Town Clerk	Sylvia Holleman
Finance Officer	Melissa Norton
Police Chief	Daniel House
Fire Chief	Glen Rogers
Public Works Director	Bill Squires
Planning & Parks Director	Tony Wilson

Wrightsville Beach Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Wrightsville Beach
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Financial Section

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Honorable Mayor and
Board of Aldermen
Town of Wrightsville Beach, North Carolina

Report on 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 Wrightsville Beach, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 financial statement 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, 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 Wrightsville Beach, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 Town of Wrightsville Beach's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, introductory information and statistical section 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, budget and actual schedules, and supplemental ad valorem tax 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. In our opinion, the combining and individual fund statements, budget and actual schedules, and the supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements; and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of the Town of Wrightsville Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wrightsville Beach's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 13, 2019

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Management's Discussion and Analysis

As management of the Town of Wrightsville Beach (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Wrightsville Beach for the fiscal year ended June 30, 2019. We encourage readers to consider 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

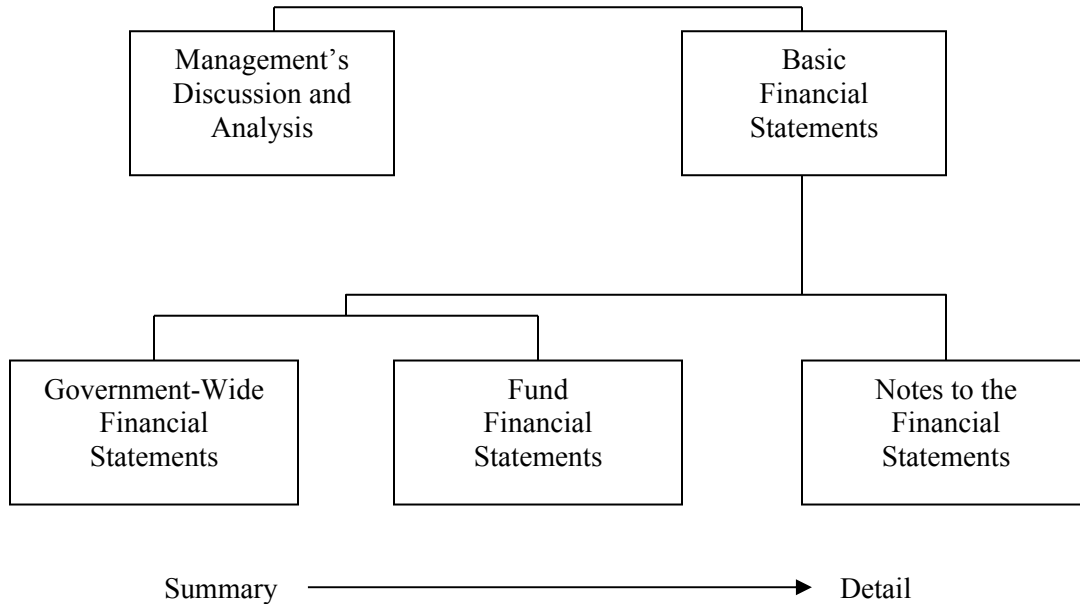
- The assets and the deferred outflows of resources of the Town of Wrightsville Beach exceeded its liabilities and deferred inflows at the close of the fiscal year by \$33,719,909 (*net position*).
- The government's total net position increased by \$4,654,668, primarily due to increases in the governmental activities net position. Key factors in the increase were growth in some of the intergovernmental revenues as well as conservative spending in each department. The town also received donations for an upcoming project in the 2019/2020 fiscal year.
- As of the close of the current fiscal year, the Town of Wrightsville Beach's governmental funds reported combined ending fund balances of \$19,007,064, an increase of \$3,398,533 in comparison with the prior year.
- 7.8% of this total amount, or \$1,488,036, is unspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,778,826, or 113.57%, of total General Fund expenditures for the fiscal year.
- The Town's total debt decreased by \$428,571 (16.67%) during the current fiscal year. The key factor in the decrease is the loan for the Public Safety Facility was paid down.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Wrightsville 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 Wrightsville Beach.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) 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 C through K) 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 and required supplementary information for pensions can also be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how 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 Town's net position (assets minus liabilities) has increased steadily since fiscal year 2005 when net position was \$16,301,875. At the end of fiscal year 2019, net position is \$33,719,909.

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, parks and recreation, and general administration. Property taxes, parking revenues, sales and room occupancy taxes, and refuse fees finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services and stormwater management.

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

The Town of Wrightsville 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.

The basic governmental fund financial statements can be found in Exhibits C through F of this report.

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

The basic proprietary fund financial statements can be found in Exhibits G through I.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26-59 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Wrightsville Beach's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 60 of this report.

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury securities.

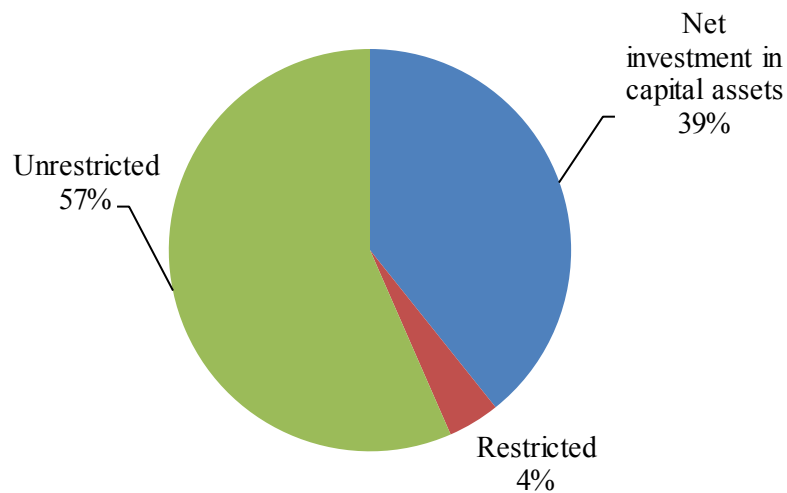
Government-Wide Financial Analysis

Town of Wrightsville Beach's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 19,458,759	\$ 15,891,395	\$ 8,482,810	\$ 8,079,552	\$ 27,941,569	\$ 23,970,947
Capital assets	11,052,402	10,903,505	4,332,323	4,096,329	15,384,725	14,999,834
Total assets	<u>30,511,161</u>	<u>26,794,900</u>	<u>12,815,133</u>	<u>12,175,881</u>	<u>43,326,294</u>	<u>38,970,781</u>
Deferred outflows of resources	<u>1,380,693</u>	<u>939,921</u>	<u>31,198</u>	<u>22,378</u>	<u>1,411,891</u>	<u>962,299</u>
Liabilities						
Long-term liabilities outstanding	8,776,830	8,814,613	351,601	405,291	9,128,431	9,219,904
Other liabilities	1,097,718	930,313	132,025	140,546	1,229,743	1,070,859
Total liabilities	<u>9,874,548</u>	<u>9,744,926</u>	<u>483,626</u>	<u>545,837</u>	<u>10,358,174</u>	<u>10,290,763</u>
Deferred inflows of resources	<u>625,182</u>	<u>543,371</u>	<u>34,920</u>	<u>33,705</u>	<u>660,102</u>	<u>577,076</u>
Net Position:						
Net investment in capital assets	8,909,547	8,332,079	4,332,323	4,096,329	13,241,870	12,428,408
Restricted	1,404,741	874,645	-	-	1,404,741	874,645
Unrestricted	<u>11,077,836</u>	<u>8,239,800</u>	<u>7,995,462</u>	<u>7,522,388</u>	<u>19,073,298</u>	<u>15,762,188</u>
Total net position	<u>\$ 21,392,124</u>	<u>\$ 17,446,524</u>	<u>\$ 12,327,785</u>	<u>\$ 11,618,717</u>	<u>\$ 33,719,909</u>	<u>\$ 29,065,241</u>

Net Position by Type



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 Wrightsville Beach exceeded liabilities and deferred inflows by \$33,719,909 as of June 30, 2019. The Town's net position increased by \$4,654,668 for the fiscal year ended June 30, 2019.

A significant portion of the Town of Wrightsville Beach's net position (56.6%) reflects unrestricted net position and may be used to meet the Town's ongoing obligations to citizens and creditors.

An additional portion of the Town of Wrightsville Beach's net position (4.17%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$13,241,870 (39.27%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Wrightsville Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its 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.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.7%, which remains at the same rate as the prior year. State-wide average of 97.34%
- Increase in revenues from other taxes and licenses by 2% over the prior year
- Contributions by donors towards a major streetscape project for the fiscal year 19/20

Town of Wrightsville Beach's Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 5,449,388	\$ 4,845,065	\$ 3,522,693	\$ 3,051,144	\$ 8,972,081	\$ 7,896,209
Operating grants and contributions	424,904	101,222	-	-	424,904	101,222
Capital grants and contributions	897,932	71,201	-	-	897,932	71,201
General Revenues:						
Property taxes	3,411,935	3,394,766	-	-	3,411,935	3,394,766
Other taxes	647,911	633,178	-	-	647,911	633,178
Grants and contributions not restricted to specific programs	2,325,803	2,261,268	-	-	2,325,803	2,261,268
Other	847,393	88,819	79,346	37,707	926,739	126,526
Total revenues	<u>14,005,266</u>	<u>11,395,519</u>	<u>3,602,039</u>	<u>3,088,851</u>	<u>17,607,305</u>	<u>14,484,370</u>
Expenses:						
General government	2,535,661	1,982,100	-	-	2,535,661	1,982,100
Public safety	5,608,878	5,105,627	-	-	5,608,878	5,105,627
Transportation	589,862	584,855	-	-	589,862	584,855
Environmental protection	832,650	805,026	-	-	832,650	805,026
Culture and recreation	649,989	679,345	-	-	649,989	679,345
Interest on long-term debt	53,776	64,019	-	-	53,776	64,019
Water and sewer	-	-	2,681,821	2,497,074	2,681,821	2,497,074
Total expenses	<u>10,270,816</u>	<u>9,220,972</u>	<u>2,681,821</u>	<u>2,497,074</u>	<u>12,952,637</u>	<u>11,718,046</u>
Increase (decrease) in net position before transfers	3,734,450	2,174,547	920,218	591,777	4,654,668	2,766,324
Transfers from (to) other funds	<u>211,150</u>	<u>-</u>	<u>(211,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>3,945,600</u>	<u>2,174,547</u>	<u>709,068</u>	<u>591,777</u>	<u>4,654,668</u>	<u>2,766,324</u>
Net Position:						
Beginning of year - July 1	17,446,524	18,530,115	11,618,717	11,272,176	29,065,241	29,802,291
Restatement	<u>-</u>	<u>(3,258,138)</u>	<u>-</u>	<u>(245,236)</u>	<u>-</u>	<u>(3,503,374)</u>
Beginning of year, as restated	<u>17,446,524</u>	<u>15,271,977</u>	<u>11,618,717</u>	<u>11,026,940</u>	<u>29,065,241</u>	<u>26,298,917</u>
End of year - June 30	<u>\$ 21,392,124</u>	<u>\$ 17,446,524</u>	<u>\$ 12,327,785</u>	<u>\$ 11,618,717</u>	<u>\$ 33,719,909</u>	<u>\$ 29,065,241</u>

Governmental Activities. Governmental activities increased the Town's net position by \$3,945,600, thereby accounting for 84.77% of the total growth in the net position of the Town of Wrightsville Beach. Key elements of this increase are as follows:

- Continued growth in intergovernmental fees
- Increase in parking revenue due to minor fee increase

Business-Type Activities. Business-type activities increased the Town of Wrightsville Beach's net position by \$709,068, accounting for 15.23% of the total growth in the government's net position. This increase was primarily due to conservative spending in the water and sewer department.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Wrightsville Beach'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 Wrightsville Beach's financing requirements. Specifically, unreserved fund balance 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 Wrightsville Beach. At the end of the current fiscal year, fund balance available in the General Fund was \$12,082,348, while total fund balance reached \$12,975,711. 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. Available fund balance represents 98.80% of total General Fund expenditures and transfers out, while total fund balance represents 106.11% of that same amount.

At June 30, 2019, the governmental funds of the Town of Wrightsville Beach reported a combined fund balance of \$19,007,064, a 21.8% increase over last year. Included in this change in fund balance is an increase in fund balance in the General Fund, the Capital Reserve Fund and the Salisbury Ocean Access Park Fund. The increase in the fund balance for the General Fund was due primarily to an increase in intergovernmental revenues and conservative spending in each department. The increase in fund balance for the Capital Reserve Fund was due to transfers from the General fund for future capital purchases.

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. Amendments to General Fund expenditures included funding for the purchase of capital assets and transfers to the Water and Sewer Fund for capital projects.

Revenues were more than budgeted amounts primarily due to continued increases in parking revenues, additional grants and ABC profit distributions. Expenditures were less than budgeted amounts due to postponement of projects and careful management of funds by each department.

Proprietary Funds. The Town of Wrightsville 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 Water and Sewer Fund at the end of the fiscal year amounted to \$7,995,462. The total increase in net position was \$709,068.

Capital Asset and Debt Administration

Capital Assets. The Town of Wrightsville Beach's net investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$15,384,725 (net of accumulated depreciation and related debt). These assets include building renovations, land, machinery and equipment, vehicles, and water and sewer lines.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

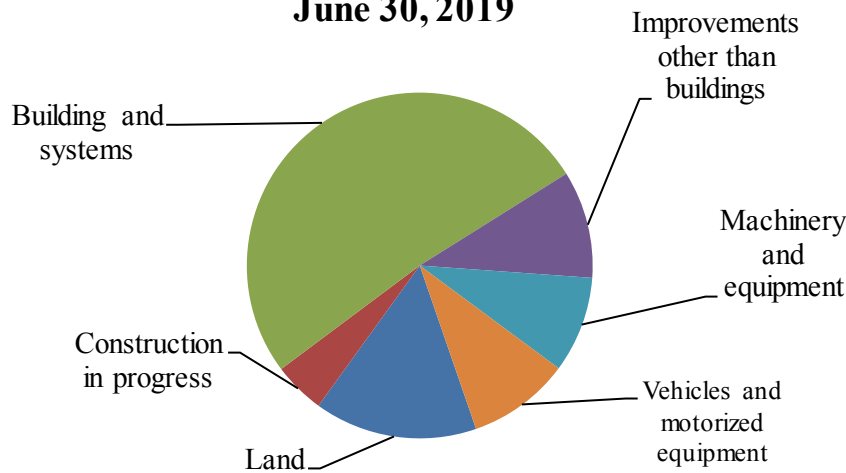
- Purchase of replacement Police vehicles.
- Purchase of replacement Ocean Rescue vehicles.
- Purchase of Street Department street sweeper truck.
- Purchase of Public Works front end loader.

Town of Wrightsville Beach's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,343,012	\$ 2,343,012	\$ -	\$ -	\$ 2,343,012	\$ 2,343,012
Construction in progress	434,028	108,824	308,840	113,490	742,868	222,314
Total non-depreciable assets	<u>2,777,040</u>	<u>2,451,836</u>	<u>308,840</u>	<u>113,490</u>	<u>3,085,880</u>	<u>2,565,326</u>
Building and systems	5,500,216	5,680,892	2,395,082	2,499,474	7,895,298	8,180,366
Improvements other than buildings	397,328	435,097	1,146,952	1,219,463	1,544,280	1,654,560
Machinery and equipment	994,654	785,567	390,687	201,346	1,385,341	986,913
Vehicles and motorized equipment	1,383,164	1,550,113	90,762	62,556	1,473,926	1,612,669
Total assets being depreciated, net	<u>8,275,362</u>	<u>8,451,669</u>	<u>4,023,483</u>	<u>3,982,839</u>	<u>12,298,845</u>	<u>12,434,508</u>
Total capital assets, net	<u>\$ 11,052,402</u>	<u>\$ 10,903,505</u>	<u>\$ 4,332,323</u>	<u>\$ 4,096,329</u>	<u>\$ 15,384,725</u>	<u>\$ 14,999,834</u>

Government-Wide Capital Assets June 30, 2019



Additional information on the Town's capital assets can be found in Note 2A on pages 38-39 of the basic financial statements.

Long-Term Debt. As of June 30, 2019, the Town of Wrightsville Beach had \$2,142,855 of outstanding loan obligations. On May 13, 2009, the Town entered into a 15-year loan agreement with BB&T to construct a public safety building. A detailed explanation regarding these obligations can be found in note 2B on pages 56-57 of this report.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Wrightsville Beach is approximately \$211,664,556.

Additional information regarding the Town of Wrightsville Beach's long-term liabilities can be found in note 1E on page 33 and in note 2B on pages 56-57 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town and the surrounding area.

- The 2019 estimated unemployment rate for New Hanover County was 4.1% compared to the State's unemployment rate of 4.2%.
- Sales tax and parking revenues increase over the prior fiscal year.
- The University of North Carolina at Wilmington is located five miles west of Wrightsville Beach. The university has earned numerous recognitions from U.S. News & World Report, ranking 8th in the nation among "2019 Best Online Bachelor's Programs," 6th among public universities and 15th overall on a list of "Best Regional Universities in the South"; 5th most innovative public university in the South; and 9th in the region among "Best Colleges for Veterans." The university has five programs recognized on the U.S. News list of "2020 Best Graduate Schools."

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. The Town's tax rate remains consistent with fiscal year 2018 at 12.75 cents per \$100.

Business-Type Activities. Water and sewer maintenance fees were increased in FY18/19 to generate revenue to maintain and repair an aging system. For FY 19/20, fees remain the same. Budget will decrease from the prior fiscal year, with a 10-year plan to focus on addressing an aging system.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Wrightsville Beach, P.O. Box 626, Wrightsville Beach, NC 28480.

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Basic Financial Statements

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TOWN OF WRIGHTSVILLE 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	\$ 18,474,366	\$ 7,646,563	\$ 26,120,929
Taxes receivable, net	25,483	-	25,483
Accounts receivable, net	329,794	735,996	1,065,790
Due from other governments	424,034	-	424,034
Inventories	30,340	100,251	130,591
Prepays	52,955	-	52,955
Cash and cash equivalents, restricted	121,787	-	121,787
Total current assets	19,458,759	8,482,810	27,941,569
Non current assets:			
Land, non-depreciable improvements, and construction in progress	2,777,040	308,840	3,085,880
Other capital assets, net of depreciation	8,275,362	4,023,483	12,298,845
Total non current assets	11,052,402	4,332,323	15,384,725
Total assets	30,511,161	12,815,133	43,326,294
Deferred Outflows of Resources:			
OPEB deferrals	135,734	8,664	144,398
Pension deferrals	1,244,959	22,534	1,267,493
Total deferred outflows of resources	1,380,693	31,198	1,411,891
Liabilities:			
Current liabilities:			
Accounts payable	256,383	130,023	386,406
Accrued liabilities	169,829	-	169,829
Accrued interest payable	24,327	-	24,327
Compensated absences, due in one year	218,608	2,002	220,610
Notes payable, due in one year	428,571	-	428,571
Total current liabilities	1,097,718	132,025	1,229,743
Long-term liabilities:			
Net pension liability-LGERS	1,431,670	29,218	1,460,888
Total pension liability-LEO	547,166	-	547,166
Total OPEB liability	5,045,132	322,030	5,367,162
Due in more than one year	1,752,862	353	1,753,215
Total long-term liabilities	8,776,830	351,601	9,128,431
Total liabilities	9,874,548	483,626	10,358,174
Deferred Inflows of Resources:			
OPEB deferrals	527,221	33,652	560,873
Pension deferrals	97,961	1,268	99,229
Total deferred inflows of resources	625,182	34,920	660,102
Net Position:			
Net investment in capital assets	8,909,547	4,332,323	13,241,870
Restricted for:			
Stabilization by state statute	813,443	-	813,443
Streets - Powell Bill	121,787	-	121,787
Culture and recreation	469,511	-	469,511
Unrestricted	11,077,836	7,995,462	19,073,298
Total net position	\$ 21,392,124	\$ 12,327,785	\$ 33,719,909

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,535,661	\$ 60,102	\$ 423,921	\$ 19,065
Public safety	5,608,878	4,151,272	983	59,072
Transportation	589,862	-	-	66,795
Environmental protection	832,650	1,031,805	-	-
Culture and recreation	649,989	206,209	-	753,000
Interest and fees	53,776	-	-	-
Total governmental activities	<u>10,270,816</u>	<u>5,449,388</u>	<u>424,904</u>	<u>897,932</u>
Business-Type Activities:				
Water and sewer	<u>2,681,821</u>	<u>3,522,693</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 12,952,637</u>	<u>\$ 8,972,081</u>	<u>\$ 424,904</u>	<u>\$ 897,932</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (2,032,573)	\$ -	\$ (2,032,573)
Public safety	(1,397,551)	-	(1,397,551)
Transportation	(523,067)	-	(523,067)
Environmental protection	199,155	-	199,155
Culture and recreation	309,220	-	309,220
Interest and fees	(53,776)	-	(53,776)
Total governmental activities	<u>(3,498,592)</u>	<u>-</u>	<u>(3,498,592)</u>
Business-Type Activities:			
Water and sewer	<u>-</u>	<u>840,872</u>	<u>840,872</u>
Total primary government	<u>(3,498,592)</u>	<u>840,872</u>	<u>(2,657,720)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	3,411,935	-	3,411,935
Other taxes	647,911	-	647,911
Grants and contributions not restricted to specific programs	2,325,803	-	2,325,803
Investment earnings	175,873	79,346	255,219
Miscellaneous	<u>671,520</u>	<u>-</u>	<u>671,520</u>
Total general revenues, excluding transfers	7,233,042	79,346	7,312,388
Transfers	<u>211,150</u>	<u>(211,150)</u>	<u>-</u>
Total general revenues and transfers	<u>7,444,192</u>	<u>(131,804)</u>	<u>7,312,388</u>
Change in net position	3,945,600	709,068	4,654,668
Net Position:			
Beginning of year - July 1	<u>17,446,524</u>	<u>11,618,717</u>	<u>29,065,241</u>
End of year - June 30	<u>\$ 21,392,124</u>	<u>\$ 12,327,785</u>	<u>\$ 33,719,909</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Major Funds					
	General Fund	Capital Reserve Fund	FMA Program Fund	Salisbury Ocean Access Park Fund	Nonmajor Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 12,372,011	\$ 4,567,240	\$ -	\$ 1,462,154	\$ 72,961	\$ 18,474,366
Accounts receivable, net	329,794	-	-	-	-	329,794
Taxes receivable, net	25,483	-	-	-	-	25,483
Due from other governments	420,659	-	-	-	3,375	424,034
Due from other funds	59,615	-	-	-	-	59,615
Prepays	52,955	-	-	-	-	52,955
Inventory	30,340	-	-	-	-	30,340
Cash and cash equivalents, restricted	121,787	-	-	-	-	121,787
Total assets	<u>\$ 13,412,644</u>	<u>\$ 4,567,240</u>	<u>\$ -</u>	<u>\$ 1,462,154</u>	<u>\$ 76,336</u>	<u>\$ 19,518,374</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	\$ 241,621	\$ -	\$ 5,565	\$ 9,197	\$ -	\$ 256,383
Accrued liabilities	169,829	-	-	-	-	169,829
Due to other funds	-	-	59,615	-	-	59,615
Total liabilities	<u>411,450</u>	<u>-</u>	<u>65,180</u>	<u>9,197</u>	<u>-</u>	<u>485,827</u>
Deferred Inflows of Resources:						
Property taxes receivable	<u>25,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,483</u>
Fund Balances:						
Non-spendable:						
Inventory	30,340	-	-	-	-	30,340
Prepays	52,955	-	-	-	-	52,955
Restricted:						
Stabilization by state statute	810,068	-	-	-	3,375	813,443
Streets - Powell Bill	121,787	-	-	-	-	121,787
Culture and recreation	-	-	-	469,511	-	469,511
Committed:						
General government	-	4,567,240	-	983,446	72,961	5,623,647
Assigned:						
Subsequent year's expenditures	181,735	-	-	-	-	181,735
Unassigned	11,778,826	-	(65,180)	-	-	11,713,646
Total fund balances	<u>12,975,711</u>	<u>4,567,240</u>	<u>(65,180)</u>	<u>1,452,957</u>	<u>76,336</u>	<u>19,007,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,412,644</u>	<u>\$ 4,567,240</u>	<u>\$ -</u>	<u>\$ 1,462,154</u>	<u>\$ 76,336</u>	

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

**Total
Governmental
Funds**

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

Total fund balance, governmental funds	\$ 19,007,064
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	11,052,402
Liabilities for earned property tax revenues considered deferred inflows of resources in the fund statements.	25,483
Net pension liability	(1,431,670)
Total pension liability - LEO	(547,166)
Pension related inflow deferrals	(97,961)
Pension related outflow deferrals	1,244,959
Total OPEB liability	(5,045,132)
OPEB related inflow deferrals	(527,221)
OPEB related outflow deferrals	135,734
Some liabilities, including installment debt and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,424,368)</u>
Net position of governmental activities	<u>\$ 21,392,124</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Reserve Fund	FMA Program Fund	Salisbury Ocean Access Park Fund		
Revenues:						
Ad valorem taxes	\$ 3,406,830	\$ -	\$ -	\$ -	\$ -	\$ 3,406,830
Other taxes and licenses	647,911	-	-	-	-	647,911
Unrestricted intergovernmental	2,325,803	-	-	-	-	2,325,803
Restricted intergovernmental	491,699	-	59,072	-	19,065	569,836
Permits and fees	630,561	-	-	-	-	630,561
Sales and services	4,818,827	-	-	-	-	4,818,827
Investment earnings	161,938	2,077	-	10,796	1,062	175,873
Miscellaneous	671,520	-	-	753,000	-	1,424,520
Total revenues	<u>13,155,089</u>	<u>2,077</u>	<u>59,072</u>	<u>763,796</u>	<u>20,127</u>	<u>14,000,161</u>
Expenditures:						
Current:						
General government	2,406,448	-	-	-	37,222	2,443,670
Public safety	5,182,085	-	120,597	-	-	5,302,682
Transportation	790,632	-	-	-	-	790,632
Environmental protection	884,536	-	-	-	-	884,536
Culture and recreation	620,301	-	-	283,489	-	903,790
Debt service:						
Principal	428,571	-	-	-	-	428,571
Interest	58,897	-	-	-	-	58,897
Total expenditures	<u>10,371,470</u>	<u>-</u>	<u>120,597</u>	<u>283,489</u>	<u>37,222</u>	<u>10,812,778</u>
Revenues over (under) expenditures	<u>2,783,619</u>	<u>2,077</u>	<u>(61,525)</u>	<u>480,307</u>	<u>(17,095)</u>	<u>3,187,383</u>
Other Financing Sources (Uses):						
Transfer from:						
General Fund	-	1,096,000	-	261,500	-	1,357,500
Capital Project Fund	513,308	-	-	-	-	513,308
Enterprise Fund	-	-	-	382,000	-	382,000
Enterprise Fund Capital Reserve	-	-	-	329,150	-	329,150
Transfer to:						
General Fund	-	(513,308)	-	-	-	(513,308)
Capital Project Funds	(1,357,500)	-	-	-	-	(1,357,500)
Enterprise Fund	(500,000)	-	-	-	-	(500,000)
Total other financing sources (uses)	<u>(1,344,192)</u>	<u>582,692</u>	<u>-</u>	<u>972,650</u>	<u>-</u>	<u>211,150</u>
Net change in fund balances	<u>1,439,427</u>	<u>584,769</u>	<u>(61,525)</u>	<u>1,452,957</u>	<u>(17,095)</u>	<u>3,398,533</u>
Fund Balances:						
Beginning of year - July 1	<u>11,536,284</u>	<u>3,982,471</u>	<u>(3,655)</u>	<u>-</u>	<u>93,431</u>	<u>15,608,531</u>
End of year - June 30	<u>\$ 12,975,711</u>	<u>\$ 4,567,240</u>	<u>\$ (65,180)</u>	<u>\$ 1,452,957</u>	<u>\$ 76,336</u>	<u>\$ 19,007,064</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 3,398,533
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	5,105
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(10,353)
Pension expense - LGERS	(44,396)
Pension expense - LEO	21,907
OPEB plan expense	(7,785)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	428,571
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	882,568
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis.	(6,270)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(727,401)
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.	<u>5,121</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 3,945,600</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE 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			
	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 3,317,000	\$ 3,337,499	\$ 3,406,830	\$ 69,331
Other taxes and licenses	576,101	576,101	647,911	71,810
Unrestricted intergovernmental	2,024,000	2,176,000	2,325,803	149,803
Restricted intergovernmental	75,500	326,000	491,699	165,699
Permits and fees	246,200	246,200	630,561	384,361
Sales and services	4,152,060	4,342,560	4,818,827	476,267
Investment earnings	15,000	145,000	161,938	16,938
Miscellaneous	56,700	99,959	671,520	571,561
Total revenues	10,462,561	11,249,319	13,155,089	1,905,770
Expenditures:				
Current:				
General government	1,954,090	2,579,912	2,406,448	173,464
Public safety	4,883,466	5,315,242	5,182,085	133,157
Transportation	903,351	930,651	790,632	140,019
Environmental protection	819,182	964,762	884,536	80,226
Culture and recreation	716,448	729,268	620,301	108,967
Debt service:				
Principal	428,572	428,572	428,571	1
Interest	58,898	58,898	58,897	1
Total expenditures	9,764,007	11,007,305	10,371,470	635,835
Revenues over (under) expenditures	698,554	242,014	2,783,619	2,541,605
Other Financing Sources (Uses):				
Transfer from:				
Capital Project Fund	323,300	513,308	513,308	-
Capital Project Funds	(1,282,000)	(1,357,500)	(1,357,500)	-
Enterprise Fund	(500,000)	(500,000)	(500,000)	-
Appropriated fund balance	760,146	1,102,178	-	(1,102,178)
Total other financing sources (uses)	(698,554)	(242,014)	(1,344,192)	(1,102,178)
Net change in fund balance	\$ -	\$ -	1,439,427	\$ 1,439,427
Fund Balance:				
Beginning of year - July 1			11,536,284	
End of year - June 30			\$ 12,975,711	

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,646,563
Accounts receivable, net	735,996
Inventories	<u>100,251</u>
Total current assets	<u>8,482,810</u>
Non-current assets:	
Capital assets:	
Land, non-depreciable improvements and construction in progress	308,840
Other capital assets, net of depreciation	<u>4,023,483</u>
Total non-current assets	<u>4,332,323</u>
Total assets	<u>12,815,133</u>
Deferred Outflows of Resources:	
OPEB deferrals	8,664
Pension deferrals	<u>22,534</u>
Total deferred outflows of resources	<u>31,198</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	130,023
Current portion of long term liabilities	<u>2,002</u>
Total current liabilities	<u>132,025</u>
Non-current liabilities:	
Due in more than one year	353
Net pension liability	29,218
Total OPEB liability	<u>322,030</u>
Total non-current liabilities	<u>351,601</u>
Total liabilities	<u>483,626</u>
Deferred Inflows of Resources:	
OPEB deferrals	33,652
Pension deferrals	<u>1,268</u>
Total deferred inflows of resources	<u>34,920</u>
Net Position:	
Net investment in capital assets	4,332,323
Unrestricted	<u>7,995,462</u>
Total net position	<u>\$ 12,327,785</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 3,385,861
Taps and connection fees	16,250
Share fees	13,242
Other operating revenues	107,340
Total operating revenues	<u>3,522,693</u>
Operating Expenses:	
Administration	464,533
Water and sewer operations	1,983,582
Depreciation	233,706
Total operating expenses	<u>2,681,821</u>
Operating income (loss)	840,872
Non-Operating Revenues (Expenses):	
Investment earnings	<u>79,346</u>
Income (loss) before transfers	920,218
Transfers in (out)	<u>(211,150)</u>
Change in net position	709,068
Net Position:	
Beginning of year - July 1	<u>11,618,717</u>
End of year - June 30	<u><u>\$ 12,327,785</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 3,314,452
Cash paid for goods and services	(2,032,099)
Cash paid to employees	(349,410)
Net cash provided (used) by operating activities	<u>932,943</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers to other funds	<u>(211,150)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(469,700)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>79,346</u>
Net increase (decrease) in cash, cash equivalents, and investments	331,439
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>7,315,124</u>
End of year - June 30	<u><u>\$ 7,646,563</u></u>
Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ 840,872</u>
Adjustments to reconcile operating income (loss) to	
net cash provided (used) by operating activities:	
Depreciation	233,706
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(195,463)
(Increase) decrease in due from other governments	63,448
(Increase) decrease in inventory	60,196
(Increase) decrease in deferred outflows of resources for pensions	(8,161)
Increase (decrease) in net pension liability	10,253
Increase (decrease) in deferred inflows of resources for pensions	(1,186)
(Increase) decrease in deferred outflows for OPEB	(659)
Increase (decrease) in deferred inflows OPEB	2,401
Increase (decrease) in OPEB liability	(63,346)
Increase (decrease) in accounts payable and accrued liabilities	(5,139)
Increase (decrease) in compensated absences payable	(3,979)
Total adjustments	<u>92,071</u>
Net cash provided (used) by operating activities	<u><u>\$ 932,943</u></u>

The accompanying notes are an integral part of the financial statements.

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Wrightsville Beach (the “Town”) 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 Wrightsville Beach, North Carolina, is a municipal corporation that is governed by an elected Mayor and a four-member Board of Aldermen. The Town maintains public safety via its own police and fire departments and, also, operates a water and sewer system for the incorporated area.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities except interfund services provided and used are not eliminated. 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 funds are aggregated and reported as nonmajor funds.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 primary 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, parking revenues, sales taxes, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

Capital Reserve Fund. The Town maintains a Capital Project Reserve Fund for future capital purchases.

Salisbury Ocean Access Park Fund. The Town maintains a Capital Project Fund to monitor the cost and revenue associated with the redevelopment of the Salisbury Street area, which is a highly used tourist area. The project includes a new bath house, structural and vegetative roadwork changes, and overall increased aesthetics and accessibility

FMA Capital Project Fund. The Town maintains a Capital Project Fund to coordinate grant monies for the Flood Mitigation Assistance Program through NCDPS. Residents that meet eligible guidelines can reduce or eliminate long-term risk of flood damage to buildings through elevation, dry flood-proofing, or other minor structural flood control activities.

The Town reports the following nonmajor governmental funds:

IT Fund. This capital project fund is used to account for the website redesign, server virtualization, and hosted exchange for the Town.

Parking Fund. This capital project fund is used improve parking lots for paid parking.

Coral Drive Sidewalk Fund. This capital project fund is used to install a sidewalk on Coral Drive.

CAMA Downtown Facilities Fund. This capital project fund is used to install permanent restroom facilities in close proximity to Wynn Plaza, Stone Street, and other water access parking facilities.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer 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 The government-wide and proprietary financial statements are reported using the economic resources measurement focus and 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's 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 utilities franchise tax, collected and held by the state at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Wrightsville Beach because the tax is levied by New Hanover County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Reserve Fund, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for all other capital project funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Town Manager is authorized to transfer appropriations within a department; however, the governing board must approve any revisions that alter the total expenditures of any department. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, 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 as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) government money market fund, are measured at fair value. The NCCMT Term Portfolio's securities are valued at fair value.

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.

Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible account 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.

Inventory and Prepaid Items

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

Capital Assets

The Town defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are reported at acquisition value. All other purchases or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. General infrastructure assets acquired prior to implementation of GASB Statement 34 on July 1, 2003, have not been reported.

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

Asset Class	Estimated Useful Lives
Infrastructure	30 years
Buildings	50 years
Improvements	25 years
Vehicles	5-10 years
Furniture and equipment	5-10 years
Computer equipment	3-5 years

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, OPEB and pension related deferrals. In addition to liabilities, the Statement of Net 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 three items that meet the criterion for this category –OPEB and pension related deferrals and taxes receivable.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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.

Prepays – Certain payments to vendors reflect cost 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.

Restricted Fund Balance: This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 non-spendable. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet

Restricted for Streets – portion of fund balance that is restricted by revenue source.

Restricted for Culture and Recreation – Portion of fund balance that is restricted by revenue source.

Committed Fund Balance: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that 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.

General Government – portion of fund balance that has been budgeted by the Board for future debt payments and future capital outlay in conjunction with projects of the Town.

Assigned Fund Balance: The portion of fund balance that the Town of Wrightsville Beach Governing Board intends to use for specific purposes.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Unassigned Fund Balance: The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative fund balance.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has also adopted a minimum fund balance policy for the General Fund which 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 34.5% of budgeted expenditures. Any portion of the General Fund balance in excess of 34.5% 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.

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	\$ 12,975,711
Less:	
Prepays	52,955
Inventory	30,340
Stabilization by state statute	810,068
Total available fund balance	<u><u>\$ 12,082,348</u></u>

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 of Wrightsville Beach's employer contributions are recognized when due, and the Town of Wrightsville Beach 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Stewardship, Compliance, and Accountability

Non-Compliance with North Carolina General Statutes

The Town was in violation of state law (G.S. 159-28). State law requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. We noted one instance of a department that was over budget at year end indicating that pre-audit and budget monitoring were not being performed consistently.

Management of the Town will ensure proper pre-audit procedures and budget control procedures are in place to ensure compliance with the General Statutes.

Also, one fund had a deficit fund balance due to a timing difference. This will be corrected in the next fiscal year.

2. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. 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 undercollateralization, 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the Town's deposits had a carrying amount of \$13,325,456 and a bank balance of \$11,507,746. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the Town's petty cash fund totaled \$1,525.

Investments

At June 30, 2019, the Town had \$12,915,735 invested with the North Carolina Capital Management Trust's Government Portfolio.

Interest Rate Risk. The Town has no formal policy regarding interest rate risk.

Credit Risk. The Town has no formal policy regarding credit risk. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019.

Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019, are net of the following allowances for doubtful accounts:

General Fund:

Taxes receivable	\$ (28,000)
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Enterprise Fund:

Accounts receivable	(3,285)
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Total	<u>\$ (31,285)</u>
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Due from other governments owed to the Town consists of:

Local option sales tax	\$ 424,034
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Total	<u>\$ 424,034</u>
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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 2,343,012	\$ -	\$ -	\$ -	\$ 2,343,012
Construction in progress	108,824	343,869	-	(18,665)	434,028
Total non-depreciable capital assets	<u>2,451,836</u>	<u>343,869</u>	<u>-</u>	<u>(18,665)</u>	<u>2,777,040</u>
Depreciable Capital Assets:					
Buildings	7,453,879	-	-	-	7,453,879
Other improvements	1,352,994	-	-	-	1,352,994
Equipment	3,161,496	421,664	(9,859)	18,665	3,591,966
Vehicles and motorized equipment	4,003,465	117,035	(121,711)	-	3,998,789
Total depreciable capital assets	<u>15,971,834</u>	<u>538,699</u>	<u>(131,570)</u>	<u>18,665</u>	<u>16,397,628</u>
Less Accumulated Depreciation:					
Buildings	1,772,987	180,676	-	-	1,953,663
Other improvements	917,897	37,769	-	-	955,666
Equipment	2,375,929	231,242	(9,859)	-	2,597,312
Vehicles and motorized equipment	2,453,352	277,714	(115,441)	-	2,615,625
Total accumulated depreciation	<u>7,520,165</u>	<u>\$ 727,401</u>	<u>\$ (125,300)</u>	<u>-</u>	<u>8,122,266</u>
Total depreciable capital assets, net	<u>8,451,669</u>			<u>18,665</u>	<u>8,275,362</u>
Governmental activity capital assets, net	<u>\$ 10,903,505</u>			<u>\$ -</u>	<u>\$ 11,052,402</u>

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

General government	\$ 152,196
Public safety	405,086
Transportation	41,431
Environmental protection	54,954
Culture and recreation	73,734
Total	<u>\$ 727,401</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-Type Activities:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 113,490	\$ 195,350	\$ -	\$ 308,840
Total non-depreciable capital assets	<u>113,490</u>	<u>195,350</u>	<u>-</u>	<u>308,840</u>
Depreciable Capital Assets:				
Water distribution system	5,627,482	-	-	5,627,482
Sewer disposal system	4,010,702	-	-	4,010,702
Equipment	837,390	225,488	-	1,062,878
Vehicles	<u>344,097</u>	<u>48,862</u>	<u>-</u>	<u>392,959</u>
Total depreciable capital assets	<u>10,819,671</u>	<u>274,350</u>	<u>-</u>	<u>11,094,021</u>
Less Accumulated Depreciation:				
Water distribution system	3,128,008	104,392	-	3,232,400
Sewer disposal system	2,791,239	72,511	-	2,863,750
Equipment	636,044	36,147	-	672,191
Vehicles	<u>281,541</u>	<u>20,656</u>	<u>-</u>	<u>302,197</u>
Total accumulated depreciation	<u>6,836,832</u>	<u>\$ 233,706</u>	<u>\$ -</u>	<u>7,070,538</u>
Total depreciable capital assets, net	<u>3,982,839</u>			<u>4,023,483</u>
Business-type capital assets, net	<u>\$ 4,096,329</u>			<u>\$ 4,332,323</u>

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Wrightsville Beach is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Wrightsville Beach employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Wrightsville Beach's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Wrightsville Beach were \$313,094 for the year ended June 30, 2019.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS 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 \$1,460,888 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 liability 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 liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.06158%, which was a decrease of 0.00049% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$358,396. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 225,380	\$ 7,563
Changes of assumptions	387,663	-
Net difference between projected and actual earnings on pension plan investments	200,536	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	55,836
Town contributions subsequent to the measurement date	<u>313,094</u>	<u>-</u>
Total	<u>\$ 1,126,673</u>	<u>\$ 63,399</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The \$313,094 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2020	\$ 361,910
2021	232,106
2022	42,021
2023	114,143
2024	-
Thereafter	-
Total	<u>\$ 750,180</u>

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 increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 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 the net pension liability (asset)	<u>\$ 3,509,180</u>	<u>\$ 1,460,888</u>	<u>\$ (250,696)</u>

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.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The Town 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 .85% 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. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>22</u>
Total	<u>25</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

Actuarial Assumptions

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

Inflation	2.5 percent
Projected salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates are as follows:

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$51,139 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 \$547,166. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 measurement date utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$62,209.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,541	\$ 12,820
Changes in assumptions	22,667	23,010
Town benefit payments and plan administrative expense made subsequent to the measurement date	57,612	-
Total	<u>\$ 140,820</u>	<u>\$ 35,830</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$57,612 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 13,213
2021	13,213
2022	13,213
2023	13,038
2024	(5,299)
Thereafter	-
Total	<u><u>\$ 47,378</u></u>

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

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	<u><u>\$ 590,494</u></u>	<u><u>\$ 547,166</u></u>	<u><u>\$ 507,827</u></u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	<u>2019</u>
Beginning balance	\$ 585,438
Service cost	30,909
Interest on the total pension liability	17,692
Differences between expected and actual experience in the measurement of the total pension liability	(15,452)
Changes of assumptions or other inputs	(20,282)
Benefit payments	<u>(51,139)</u>
Ending balance of the total pension liability	<u>\$ 547,166</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 358,396	\$ 62,209	\$ 420,605
Pension liability	\$ 1,460,888	\$ 547,166	\$ 2,008,054
Proportionate share of the net pension liability	0.06158%	NA	

<u>Deferred Outflows of Resources</u>	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Differences between expected and actual experience	\$ 225,380	\$ 60,541	\$ 285,921
Changes of assumptions	387,663	22,667	410,330
Net difference between projected and actual earnings on pension plan investments	200,536	-	200,536
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>313,094</u>	<u>57,612</u>	<u>370,706</u>
Total deferred outflows of resources	<u>\$ 1,126,673</u>	<u>\$ 140,820</u>	<u>\$ 1,267,493</u>

<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 7,563	\$ 12,820	\$ 20,383
Changes of assumptions	-	23,010	23,010
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>55,836</u>	<u>-</u>	<u>55,836</u>
Total deferred inflows of resources	<u>\$ 63,399</u>	<u>\$ 35,830</u>	<u>\$ 99,229</u>

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 permanent employees who wish to participate and 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 is included in the Comprehensive Annual Financial Report (CAFR) for the State of

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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. That report may be obtained by writing to the Office of the 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 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement employees may make voluntary contributions to the plan. The Town makes a contribution of 4% of the salary of other employees who wish to participate in the plan. The Town made contributions of \$135,207 for the reporting year. No amounts were forfeited.

Contributions for law enforcement officers for the year ended June 30, 2019, were \$88,501 which consisted of \$59,416 from the Town and \$29,085 voluntary contributions from the law enforcement officers. Contributions for all other employees were \$188,720, which consisted of \$75,791 from the Town and \$112,929 voluntary contributions from other employees.

Other Post-Employment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). This plan provides post-employment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the Town. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by the Board of Aldermen. The Town's members pay \$1,103.42 per month for dependent coverage under the PPO plan and \$637.30 per month for dependent coverage if they elected HDHP-HSA.

The Board of Aldermen passed a resolution ending this benefit for any new employees hired after June 30, 2010. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. A separate report was not issued for the plan.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Membership of the HCB Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	24
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>27</u>
Total	<u><u>51</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$5,367,162 was measured as of June 30, 2018 and was determined by an actuarial valuation as June 30, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50% - 7.75%, including wage inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023 Medicare - 5.50 % for 2017 decreasing to an ultimate rate of 5.00% by 2020

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2018	<u>\$ 5,505,378</u>
Changes for the Year:	
Service cost	112,706
Interest on TOL and cash flows	193,672
Differences between expected and actual experience	(2,689)
Changes of assumptions or other inputs	(310,454)
Benefit payments	<u>(131,451)</u>
Net changes	<u>(138,216)</u>
Balance at June 30, 2019	<u><u>\$ 5,367,162</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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	<u>\$ 6,393,247</u>	<u>\$ 5,367,162</u>	<u>\$ 4,565,269</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	Current	1% Increase
Total OPEB liability	\$ 4,485,511	\$ 5,367,162	\$ 6,512,073

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 \$107,666. 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	\$ -	\$ 5,216
Changes of assumptions	-	555,657
Benefit payments and plan administrative expense made subsequent to the measurement date	144,398	-
Total	\$ 144,398	\$ 560,873

\$144,398 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Total
2020	\$ (198,712)
2021	(198,712)
2022	(130,526)
2023	(32,923)
2024	-
Thereafter	-
Total	\$ (560,873)

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Other Employment Benefit

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

The Town also provides an additional group-term life insurance benefit at a rate of one and one-half times each employee's annual salary. USABLE Life Insurance currently underwrites this fringe benefit.

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension deferrals	\$ 1,267,493	\$ 99,229
OPEB deferrals	144,398	560,873
Taxes receivable, net (General fund balance sheet)	-	25,483
Total	<u>\$ 1,411,891</u>	<u>\$ 685,585</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 two 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 \$3 million per occurrence and \$1 million per occurrence respectively, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Aldermen each year. Stop loss insurance is purchased by the Board of Aldermen 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 Aldermen 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 an "A" area (an area close to water) 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 event of flood damage.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more of the Town's funds at any given time are performance bonded through a commercial surety bond. The Town's Finance Officer is bonded for \$85,000. Ad valorem tax collections are managed by New Hanover County on behalf of the Town.

Claims and Judgements – At June 30, 2019, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Obligations

General Obligation Indebtedness. At June 30, 2019, the Town had no general obligation bonds outstanding, no unissued bonds, and a legal debt margin of \$211,664,556.

Installment Loans

On May 13, 2009, the Town entered into an installment loan contract with a bank to pay for the construction of the public safety building. The \$6,000,000 loan, payable in annual installments of \$428,571, is financed at a fixed rate of interest of 3.09% for a period of 15 years. On January 31, 2013, the Town modified the original agreement with the bank and reduced the fixed rate of interest to 2.39%. The balance due at June 30, 2019, was \$2,142,855.

The Town's outstanding installment loan from direct placements related to governmental activities of \$2,142,855 are secured with the mortgaged property. The installment loan contain provisions that an event of default would result in 1) declare the unpaid principal components of the Installment Payments immediately due and payable, 2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of the financing agreement or to recover for the breach thereof, 3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner the bank may reasonably deem appropriate, 4) avail itself of all available remedies under the financing agreement, including execution and foreclosure as provided in Sections 8.03 and 8.04 of said financing agreement, and recovery of attorneys' fees and other expenses.

Annual debt service requirements to maturity for the Town's governmental funds installment loans payable are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2020	\$ 428,571	\$ 48,653	\$ 477,224	
2021	428,571	38,411	466,982	
2022	428,571	28,168	456,739	
2023	428,571	17,925	446,496	
2024	428,571	7,683	436,254	
Total	<u>\$ 2,142,855</u>	<u>\$ 140,840</u>	<u>\$ 2,283,695</u>	

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes in Long-Term Liabilities

The following is a summary of the changes in the Town's long-term obligations for the fiscal year ended June 30, 2019:

	Balance			Balance	Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion
Governmental Activities:					
Direct placement installment loan	\$ 2,571,426	\$ -	\$ 428,571	\$ 2,142,855	\$ 428,571
Compensated absences	246,833	228,289	217,936	257,186	218,608
Total OPEB liability	5,120,002	-	74,870	5,045,132	-
Net pension liability (LGERS)	929,293	502,377	-	1,431,670	-
Total pension liability (LEO)	585,438	48,601	86,873	547,166	-
Total	<u>\$ 9,452,992</u>	<u>\$ 779,267</u>	<u>\$ 808,250</u>	<u>\$ 9,424,009</u>	<u>\$ 647,179</u>

	Balance			Balance	Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion
Business-Type Activities:					
Compensated absences	\$ 6,334	\$ 2,737	\$ 6,716	\$ 2,355	\$ 2,002
Total OPEB liability	385,376	-	63,346	322,030	-
Net pension liability (LGERS)	18,965	10,253	-	29,218	-
Total	<u>\$ 410,675</u>	<u>\$ 12,990</u>	<u>\$ 70,062</u>	<u>\$ 353,603</u>	<u>\$ 2,002</u>

Compensated absences, net pension liability, total pension liability and total OPEB liability typically has been liquidated in the General Fund.

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019, is composed of the following elements:

	Governmental	Business-Type
	Activities	Activities
Capital assets	\$ 11,052,402	\$ 4,332,323
Long-term debt	<u>2,142,855</u>	<u>-</u>
Total	<u>\$ 8,909,547</u>	<u>\$ 4,332,323</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2019, consist of the following:

From the General Fund to the Major Capital Reserve Fund for future capital purchases	\$ (1,096,000)
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From the General Fund to the Major Capital Project Fund - Salisbury Ocean Access Park Project for future capital purchases	(261,500)
--	-----------

From the Major Capital Reserve Fund to the General Fund for capital purchases	513,308
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From the General Fund to the Water and Sewer Fund for capital purchases	(500,000)
---	-----------

From Water and Sewer Fund to the Major Capital Project Fund - Salisbury Ocean Access Park Project to fund projects	382,000
--	---------

From Water and Sewer Capital Reserve Fund to the Major Capital Project Fund - Salisbury Ocean Access Park Project to fund project	<u>(329,150)</u>
	<u>\$ (1,291,342)</u>

Intrafund Transfers

Transfer from Water and Sewer Capital Reserve Fund to the Water and Sewer Fund	\$ 452,079
--	------------

Transfer from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund	(130,000)
--	-----------

Transfer from the Water and Sewer Fund to the Water and Sewer Capital Project Fund to close project	<u>(450,000)</u>
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Total	<u>\$ (127,921)</u>
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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Balances due to and from other funds at June 30, 2019 consist of the following:

Due to the General Fund from a major capital project fund of \$59,615 to cover a cash shortage due to timing difference. Grant reimbursement has been received in fiscal year 2020.

3. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

Required Supplementary Information

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

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 585,438	\$ 465,289	\$ 480,104
Service cost	30,909	27,876	30,481
Interest on the total pension liability	17,692	16,994	16,246
Differences between expected and actual experience in the measurement of the total pension liability	(15,452)	91,195	(11,481)
Changes of assumptions or other inputs	(20,282)	34,145	-
Benefit payments	<u>(51,139)</u>	<u>(50,061)</u>	<u>(50,061)</u>
Net changes	<u>(38,272)</u>	<u>120,149</u>	<u>(14,815)</u>
Ending balance of the total pension liability	<u>\$ 547,166</u>	<u>\$ 585,438</u>	<u>\$ 465,289</u>

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

The pension schedules are intended to show information for ten years. That information will be displayed as it becomes available.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 547,166	\$ 585,438	\$ 465,289
Covered payroll	1,176,783	1,211,367	1,250,644
Total pension liability as a percentage of covered payroll	46.50%	48.33%	37.20%

Notes to the Schedules:

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

The pension schedules are intended to show information for ten years. That information will be displayed as it becomes available.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS

	2019	2018
Balance at July 1, 2018	<u>\$ 5,505,378</u>	<u>\$ 5,895,232</u>
Changes for the year:		
Service cost	112,706	129,778
Interest	193,672	175,651
Differences between expected and actual experience	(2,689)	(5,661)
Changes of assumptions or other inputs	(310,454)	(569,438)
Benefit payments	<u>(131,451)</u>	<u>(120,184)</u>
Net changes	<u>(138,216)</u>	<u>(389,854)</u>
Balance at June 30, 2019	<u><u>\$ 5,367,162</u></u>	<u><u>\$ 5,505,378</u></u>
 Covered payroll	 \$ 1,561,470	 \$ 1,561,470
Total OPEB liability as a percentage of covered payroll	343.72%	352.58%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
**TOWN OF WRIGHTSVILLE BEACH'S PROPORTIONATE SHARE
 OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SIX FISCAL YEARS***

Local Governmental Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
Town of Wrightsville Beach's proportion of the net pension liability (asset) (%)	0.06158%	0.06207%	0.06221%	0.07508%	0.07400%	0.08200%
Town of Wrightsville Beach's proportion of the net pension liability (asset) (\$)	\$ 1,460,888	\$ 948,258	\$ 1,320,304	\$ 336,955	\$ (436,412)	\$ 988,415
Town of Wrightsville Beach's covered payroll	\$ 3,830,051	\$ 3,698,989	\$ 3,618,242	\$ 3,918,755	\$ 3,789,620	\$ 3,855,960
Town of Wrightsville Beach's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.14%	25.64%	36.49%	8.60%	(11.52%)	25.63%
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.

The pension schedules are intended to show information for ten years. That information will be displayed as it becomes available.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA**TOWN OF WRIGHTSVILLE BEACH'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Local Governmental Employees' Retirement System						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 313,094	\$ 298,341	\$ 280,389	\$ 246,509	\$ 281,182	\$ 270,567
Contributions in relation to the contractually required contribution	<u>313,094</u>	<u>298,341</u>	<u>280,389</u>	<u>246,509</u>	<u>281,182</u>	<u>270,567</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Wrightsville Beach's covered payroll	\$ 3,899,823	\$ 3,830,051	\$ 3,698,989	\$ 3,618,242	\$ 3,918,755	\$ 3,789,620
Contributions as a percentage of covered payroll	8.03%	7.79%	7.58%	6.81%	7.18%	7.14%

The pension schedules are intended to show information for ten years. That information will be displayed as it becomes available.

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General Fund

The General Fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 3,320,499	\$ 3,396,588	\$ 76,089	\$ 3,383,284
Prior year	10,000	3,192	(6,808)	3,425
Penalties and interest	7,000	7,050	50	5,761
Total	<u>3,337,499</u>	<u>3,406,830</u>	<u>69,331</u>	<u>3,392,470</u>
Other Taxes and Licenses:				
Privilege licenses	2,000	3,600	1,600	2,800
Room occupancy tax	553,101	553,100	(1)	553,358
Other licenses	21,000	91,211	70,211	77,020
Total	<u>576,101</u>	<u>647,911</u>	<u>71,810</u>	<u>633,178</u>
Unrestricted Intergovernmental:				
Local option sales tax	1,135,000	1,320,239	185,239	1,213,307
Beer and wine tax	11,000	10,815	(185)	10,867
Franchise tax	363,500	363,836	336	367,428
Video program tax	83,000	60,662	(22,338)	103,104
ABC profit distribution	583,500	570,251	(13,249)	566,562
Total	<u>2,176,000</u>	<u>2,325,803</u>	<u>149,803</u>	<u>2,261,268</u>
Restricted Intergovernmental:				
County grants	12,000	7,000	(5,000)	3,320
State grants	69,000	66,795	(2,205)	67,881
Federal grants	243,500	415,168	171,668	-
State tax drug money	-	983	983	93
Solid waste disposal tax	1,500	1,753	253	1,713
Total	<u>326,000</u>	<u>491,699</u>	<u>165,699</u>	<u>73,007</u>
Permits and Fees:				
Permits and fees	204,100	583,357	379,257	321,959
Court fees and fines	42,100	47,204	5,104	53,985
Total	<u>246,200</u>	<u>630,561</u>	<u>384,361</u>	<u>375,944</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Parking meter collections	3,054,560	3,520,711	466,151	3,124,274
Rents	58,000	60,102	2,102	61,112
Refuse fees	950,000	1,031,805	81,805	970,593
Recreation fees	280,000	206,209	(73,791)	301,920
Total	4,342,560	4,818,827	476,267	4,457,899
Investment Earnings	145,000	161,938	16,938	86,315
Miscellaneous Revenues	99,959	671,520	571,561	110,638
Total revenues	11,249,319	13,155,089	1,905,770	11,390,719
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	36,817	36,897	(80)	37,409
Operating expenditures	263,418	248,404	15,014	246,922
Total	300,235	285,301	14,934	284,331
General Management:				
Salaries and employee benefits	367,333	304,658	62,675	292,091
Operating expenditures	503,900	505,941	(2,041)	102,959
Capital outlay	39,472	39,371	101	63,441
Total	910,705	849,970	60,735	458,491
Information Technology:				
Salaries and employee benefits	74,147	72,170	1,977	71,982
Operating expenditures	247,872	246,712	1,160	200,371
Total	322,019	318,882	3,137	272,353

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Public Works Administration:				
Salaries and employee benefits	209,320	207,170	2,150	184,231
Operating expenditures	76,782	68,524	8,258	46,817
Capital outlay	77,333	17,000	60,333	52,038
Total	363,435	292,694	70,741	283,086
Public Works Maintenance:				
Salaries and employee benefits	255,645	258,458	(2,813)	250,000
Operating expenditures	427,873	401,143	26,730	412,843
Total	683,518	659,601	23,917	662,843
Total general government	2,579,912	2,406,448	173,464	1,961,104
Public Safety:				
Police:				
Salaries and employee benefits	1,891,051	1,808,493	82,558	1,797,277
Operating expenditures	441,485	411,630	29,855	354,573
Capital outlay	91,276	91,865	(589)	92,902
Total	2,423,812	2,311,988	111,824	2,244,752
Parking:				
Operating expenditures	805,250	853,370	(48,120)	572,352
Capital outlay	43,300	42,062	1,238	31,416
Total	848,550	895,432	(46,882)	603,768
Ocean Rescue:				
Salaries and employee benefits	293,117	293,056	61	276,541
Operating expenditures	68,135	56,242	11,893	66,889
Capital outlay	5,700	5,500	200	51,308
Total	366,952	354,798	12,154	394,738

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Fire:				
Salaries and employee benefits	1,081,767	1,068,475	13,292	1,005,841
Operating expenditures	175,159	170,676	4,483	168,908
Capital outlay	15,000	14,961	39	-
Total	1,271,926	1,254,112	17,814	1,174,749
Planning and Inspections:				
Salaries and employee benefits	293,386	268,446	24,940	218,938
Operating expenditures	110,616	97,309	13,307	108,060
Capital outlay	-	-	-	11,955
Total	404,002	365,755	38,247	338,953
Total public safety	5,315,242	5,182,085	133,157	4,756,960
Transportation:				
Streets:				
Salaries and employee benefits	281,795	222,912	58,883	240,316
Operating expenditures	405,556	322,507	83,049	254,100
Capital outlay	243,300	245,213	(1,913)	43,928
Total	930,651	790,632	140,019	538,344
Environmental Protection:				
Sanitation:				
Salaries and employee benefits	379,352	368,547	10,805	330,426
Operating expenditures	443,989	404,933	39,056	416,839
Capital outlay	141,421	111,056	30,365	34,444
Total	964,762	884,536	80,226	781,709
Culture and Recreation:				
Parks and Recreation Programs:				
Salaries and employee benefits	236,071	188,300	47,771	211,892
Operating expenditures	165,290	156,312	8,978	148,190
Total	401,361	344,612	56,749	360,082

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Parks and Recreation Maintenance:				
Salaries and employee benefits	195,732	159,641	36,091	166,917
Operating expenditures	112,175	100,126	12,049	103,460
Capital outlay	20,000	15,922	4,078	15,836
Total	<u>327,907</u>	<u>275,689</u>	<u>52,218</u>	<u>286,213</u>
Total culture and recreation	<u>729,268</u>	<u>620,301</u>	<u>108,967</u>	<u>646,295</u>
Debt Service:				
Principal	428,572	428,571	1	428,572
Interest	58,898	58,897	1	69,140
Total debt service	<u>487,470</u>	<u>487,468</u>	<u>2</u>	<u>497,712</u>
Total expenditures	<u>11,007,305</u>	<u>10,371,470</u>	<u>635,835</u>	<u>9,182,124</u>
Revenues over (under) expenditures	<u>242,014</u>	<u>2,783,619</u>	<u>2,541,605</u>	<u>2,208,595</u>
Other Financing Sources (Uses):				
Transfer from:				
Capital Reserve Fund	513,308	513,308	-	142,250
Transfer to:				
Capital Reserve Fund	(1,096,000)	(1,096,000)	-	(1,022,550)
Capital Project Funds	(261,500)	(261,500)	-	(57,227)
Enterprise Fund	(500,000)	(500,000)	-	-
Appropriated fund balance	<u>1,102,178</u>	<u>-</u>	<u>(1,102,178)</u>	<u>-</u>
Total other financing sources (uses)	<u>(242,014)</u>	<u>(1,344,192)</u>	<u>(1,102,178)</u>	<u>(937,527)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,439,427</u>	<u>\$ 1,439,427</u>	<u>1,271,068</u>
Fund Balance:				
Beginning of year - July 1		<u>11,536,284</u>		<u>10,265,216</u>
End of year - June 30		<u>\$ 12,975,711</u>		<u>\$ 11,536,284</u>

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Capital Reserve Fund

The Town maintains a Capital Project Reserve Fund for future capital purchases.

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA**MAJOR CAPITAL PROJECT FUND - CAPITAL RESERVE****SCHEDULE OF REVENUES, EXPENDITURES, AND****CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2019****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 2,077	\$ 2,077	\$ 2,076
Other Financing Sources (Uses):				
Transfer to the General Fund	(513,308)	(513,308)	-	(142,250)
Transfer from the General Fund	1,096,000	1,096,000	-	1,022,550
Transfers out	(582,692)	-	582,692	-
Total other financing sources (uses)	-	582,692	582,692	880,300
Net change in fund balance	\$ -	584,769	\$ 584,769	882,376
Fund Balance:				
Beginning of year - July 1		3,982,471		3,100,095
End of year - June 30		\$ 4,567,240		\$ 3,982,471

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Capital Project Funds

Capital project funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary and trust funds.

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - SALISBURY OCEAN ACCESS PARK PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>To Date</u>	<u>Over/Under</u>
Revenues:					
Donations	\$ -	\$ -	\$ 753,000	\$ 753,000	\$ 753,000
Investment earnings	-	-	10,796	10,796	10,796
Total revenues	-	-	763,796	763,796	763,796
Expenditures:					
Contracted services	972,650	-	283,489	283,489	689,161
Revenues over (under) expenditures	(972,650)	-	480,307	480,307	1,452,957
Other Financing Sources (Uses):					
Transfer from the General Fund	261,500	-	261,500	261,500	-
Transfer from the Enterprise Fund	382,000	-	382,000	382,000	-
Transfer from the Enterprise Fund					
Capital Reserve Fund	329,150	-	329,150	329,150	-
Total other financing sources (uses)	972,650	-	972,650	972,650	-
Net change in fund balance	\$ -	\$ -	\$ 1,452,957	\$ 1,452,957	\$ 1,452,957

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND FLOOD MITIGATION ASSISTANCE (FMA) PROGRAM
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

		<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>To Date</u>	<u>Over/Under</u>
Revenues:					
Flood Mitigation Assistance Grant	\$ 523,089	\$ -	\$ 59,072	\$ 59,072	\$ (464,017)
Expenditures:					
Contracted services	523,089	3,655	120,597	124,252	398,837
Net change in fund balance	\$ -	\$ (3,655)	\$ (61,525)	\$ (65,180)	\$ (65,180)

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2019

	IT Fund	Parking Fund	Coral Drive Sidewalk Fund	CAMA Downtown Facilities Fund	Total
Assets:					
Cash and cash equivalents	\$ 8,869	\$ 6,852	\$ 34,753	\$ 22,487	\$ 72,961
Due from other governments	<u>3,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,375</u>
Total assets	<u>\$ 12,244</u>	<u>\$ 6,852</u>	<u>\$ 34,753</u>	<u>\$ 22,487</u>	<u>\$ 76,336</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	\$ 3,375	\$ -	\$ -	\$ -	\$ 3,375
Committed:					
Committed for general government	<u>8,869</u>	<u>6,852</u>	<u>34,753</u>	<u>22,487</u>	<u>72,961</u>
Total fund balances	<u>\$ 12,244</u>	<u>\$ 6,852</u>	<u>\$ 34,753</u>	<u>\$ 22,487</u>	<u>\$ 76,336</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	IT Fund	Parking Fund	Coral Drive Sidewalk Fund	CAMA Downtown Facililites Fund	Total
Revenues:					
Interest on investments	\$ 128	\$ 99	\$ 419	\$ 416	\$ 1,062
Grants Funds	-	-	19,065	-	19,065
Total revenues	<u>128</u>	<u>99</u>	<u>19,484</u>	<u>416</u>	<u>20,127</u>
Expenditures:					
Current:					
General government	<u>4,239</u>	<u>-</u>	<u>-</u>	<u>32,983</u>	<u>37,222</u>
Net change in fund balances	(4,111)	99	19,484	(32,567)	(17,095)
Fund Balances:					
Beginning of year - July 1	<u>16,355</u>	<u>6,753</u>	<u>15,269</u>	<u>55,054</u>	<u>93,431</u>
End of year - June 30	<u>\$ 12,244</u>	<u>\$ 6,852</u>	<u>\$ 34,753</u>	<u>\$ 22,487</u>	<u>\$ 76,336</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

IT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Over/Under</u>
Revenues:					
Investment earnings	\$ -	\$ 261	\$ 128	\$ 389	\$ 389
Expenditures:					
Capital outlay	177,729	161,635	4,239	165,874	11,855
Revenues over (under) expenditures	(177,729)	(161,374)	(4,111)	(165,485)	12,244
Other Financing Sources (Uses):					
Transfer from the General Fund	81,229	81,229	-	81,229	-
Transfer from Capital Reserve Fund	96,500	96,500	-	96,500	-
Total other financing sources (uses)	177,729	177,729	-	177,729	-
Net change in fund balance	\$ -	\$ 16,355	\$ (4,111)	\$ 12,244	\$ 12,244

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

PARKING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Over/Under</u>
Revenues:					
Investment earnings	\$ -	\$ 84	\$ 99	\$ 183	\$ 183
Expenditures:					
Capital outlay	36,000	29,331	-	29,331	6,669
Revenues over (under) expenditures	(36,000)	(29,247)	99	(29,148)	6,852
Other Financing Sources (Uses):					
Transfer from the General Fund	36,000	36,000	-	36,000	-
Net change in fund balance	\$ -	\$ 6,753	\$ 99	\$ 6,852	\$ 6,852

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

CORAL DRIVE SIDEWALK PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>To Date</u>	<u>Over/Under</u>
Revenues:					
STP-DA Grant	\$ 233,600	\$ -	\$ 19,065	\$ 19,065	\$ (214,535)
Investment earnings	<u>-</u>	<u>276</u>	<u>419</u>	<u>695</u>	<u>695</u>
Total revenues	<u>233,600</u>	<u>276</u>	<u>19,484</u>	<u>19,760</u>	<u>(213,840)</u>
Expenditures:					
Capital outlay	<u>292,000</u>	<u>43,407</u>	<u>-</u>	<u>43,407</u>	<u>248,593</u>
Revenues over (under) expenditures	(58,400)	(43,131)	19,484	(23,647)	34,753
Other Financing Sources (Uses):					
Transfer from the General Fund	<u>58,400</u>	<u>58,400</u>	<u>-</u>	<u>58,400</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,269</u>	<u>\$ 19,484</u>	<u>\$ 34,753</u>	<u>\$ 34,753</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

CAMA DOWNTOWN FACILITIES PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>To Date</u>	<u>Over/Under</u>
Revenues:					
NCDEQ Grant	\$ 165,000	\$ -	\$ -	\$ -	\$ (165,000)
Investment earnings	-	54	416	470	470
Total revenues	165,000	54	416	470	(164,530)
Expenditures:					
Capital outlay	220,000	-	32,983	32,983	187,017
Revenues over (under) expenditures	(55,000)	54	(32,567)	(32,513)	22,487
Other Financing Sources (Uses):					
Transfer from the General Fund	55,000	55,000	-	55,000	-
Net change in fund balance	\$ -	\$ 55,054	\$ (32,567)	\$ 22,487	\$ 22,487

Enterprise Fund

Enterprise funds account for operations that are financed and operated in a manner similar to 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.

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating Revenues:				
Water and sewer charges	\$ 3,330,096	\$ 3,385,861	\$ 55,765	\$ 2,900,790
Water and sewer taps	11,000	16,250	5,250	32,000
Reconnection fees	12,000	13,242	1,242	14,795
Other operating revenues	90,000	107,340	17,340	103,559
Total operating revenues	<u>3,443,096</u>	<u>3,522,693</u>	<u>79,597</u>	<u>3,051,144</u>
Non-Operating Revenues:				
Interest earnings	8,000	68,954	60,954	28,162
Insurance recovery	1,000	-	(1,000)	3,625
Federal and state grants	31,500	-	(31,500)	-
Total non-operating revenues	<u>40,500</u>	<u>68,954</u>	<u>28,454</u>	<u>31,787</u>
Total revenues	<u>3,483,596</u>	<u>3,591,647</u>	<u>108,051</u>	<u>3,082,931</u>
Expenditures:				
Operations:				
Salaries and employee benefits	697,810	529,210	168,600	553,919
Operating expenses	2,063,310	1,611,706	451,604	1,066,701
Maintenance and repairs	137,800	52,245	85,555	66,209
Transmission and treatment	1,183,200	537,864	645,336	635,598
Capital outlay	64,055	56,117	7,938	117,302
Total	<u>4,146,175</u>	<u>2,787,142</u>	<u>1,359,033</u>	<u>2,439,729</u>
Total expenditures	<u>4,146,175</u>	<u>2,787,142</u>	<u>1,359,033</u>	<u>2,439,729</u>
Revenues over (under) expenditures	<u>(662,579)</u>	<u>804,505</u>	<u>1,467,084</u>	<u>643,202</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

WATER AND SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfer to Capital Project Fund	(382,000)	(382,000)	-	-
Transfer from General fund	500,000	500,000	-	
Transfer to Water and Sewer Capital Reserve Fund	(130,000)	(130,000)	-	(125,000)
Transfer to Water and Sewer NEI Repair Fund	(450,000)	(450,000)	-	(300,000)
Transfer from Water and Sewer Capital Reserve Fund	452,079	452,079	-	630,020
Appropriated fund balance	672,500	-	(672,500)	-
Total other financing sources (uses)	662,579	(9,921)	(672,500)	205,020

Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	794,584	\$ 794,584	\$ 848,222
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Reconciliation from Budgetary Basis

(Modified Accrual) to Full Accrual:

Revenues and other financing sources over

Reconciling items:

Intrafund transfers to projects	127,921
Capital outlay	274,350
Depreciation	(233,706)
Increase (decrease) in compensated absences	3,979
(Increase) decrease in OPEB liability	63,346
Increase (decrease) in deferred outflows - OPEB	659
(Increase) decrease in deferred inflows - OPEB	(2,401)
(Increase) decrease in net pension liability	(10,253)
Increase (decrease) in deferred outflows - pension	8,161
(Increase) decrease in deferred inflows - pension	1,186
Project interfund transfers	(329,150)
Project investment earnings	10,392

Change in net position	\$ 709,068
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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

WATER AND SEWER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 3,214	\$ 3,214	\$ 2,734
Expenditures:				
Future construction	90,000	-	90,000	-
Revenues over (under) expenditures	(90,000)	3,214	93,214	2,734
Other Financing Sources (Uses):				
Transfer to the Capital Project Fund	(329,150)	(329,150)	-	-
Transfer from Water and Sewer Fund	130,000	130,000	-	125,000
Transfer to Water and Sewer Fund	(452,079)	(452,079)	-	(545,000)
Appropriated fund balance	741,229	-	(741,229)	-
Total other financing sources (uses)	90,000	(651,229)	(741,229)	(420,000)
Net change in fund balance	\$ -	(648,015)	\$ (648,015)	\$ (417,266)
Fund Balance:				
Beginning of year - July 1		2,970,751		
End of year - June 30		\$ 2,322,736		

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

WATER AND SEWER NEI REPAIR CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 249	\$ 2,972	\$ 3,221	\$ 3,221
Expenditures:					
Contracted services	300,000	47,400	191,850	239,250	60,750
Revenues over (under) expenditures	(300,000)	(47,151)	(188,878)	(236,029)	63,971
Other Financing Sources (Uses):					
Transfer from Water and Sewer Fund	300,000	300,000	-	300,000	-
Net change in fund balance	\$ -	\$ 252,849	\$ (188,878)	\$ 63,971	\$ 63,971

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

WATER AND SEWER NEI CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 2,672	\$ 4,206	\$ 6,878	\$ 6,878
Expenditures:					
Contracted services	350,000	66,090	-	66,090	283,910
Revenues over (under) expenditures	(350,000)	(63,418)	4,206	(59,212)	290,788
Other Financing Sources (Uses):					
Transfer from Capital Reserve Fund	350,000	350,000	-	350,000	-
Net change in fund balance	\$ -	\$ 286,582	\$ 4,206	\$ 290,788	\$ 290,788

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

LIFT STATION 4 PARK PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	<u>Variance</u> <u>Over/Under</u>
Expenditures:					
Contracted services	\$ 500,000	\$ -	\$ 3,500	\$ 3,500	\$ 496,500
Revenues over (under) expenditures	(500,000)	-	(3,500)	(3,500)	496,500
Other Financing Sources (Uses):					
Transfer from Water and Sewer Fund	500,000	-	450,000	450,000	(50,000)
Net change in fund balance	\$ -	\$ -	\$ 446,500	\$ 446,500	\$ 446,500

Other Schedules

This section contains additional information on property taxes

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

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 3,411,304	\$ 3,400,696	\$ 10,608
2017-2018	10,345	-	1,818	8,527
2016-2017	6,574	-	726	5,848
2015-2016	6,310	-	637	5,673
2014-2015	4,748	-	741	4,007
2013-2014	5,287	-	422	4,865
2012-2013	3,439	-	48	3,391
2011-2012	3,905	-	21	3,884
2010-2011	2,446	-	20	2,426
2009-2010	2,864	-	18	2,846
2008-2009	750	-	750	-
Total	<u>\$ 46,668</u>	<u>\$ 3,411,304</u>	<u>\$ 3,405,897</u>	52,075
Prior year motor vehicle taxes				1,408
Less: allowance for uncollectible ad valorem taxes receivable				<u>28,000</u>
Ad valorem taxes receivable, net				<u>\$ 25,483</u>
Reconciliation with Revenues:				
Ad valorem taxes:				
General Fund				\$ 3,406,830
Reconciling items:				
Interest collected				(4,114)
Taxes written off and credits				750
Miscellaneous adjustments				<u>2,431</u>
Total collections and credits				<u>\$ 3,405,897</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE 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	\$ 2,631,067,399	0.1275	\$ 3,354,611	\$ 3,354,611	\$ -
Motor vehicles at 2017 and 2018 rates	41,662,745	0.1275	53,120	-	53,120
Motor vehicles at 2016 rates	32,331	0.1330	43	-	43
Penalties	-		2,753	2,753	-
Total	2,672,762,475		3,410,527	3,357,364	53,163
Discoveries:					
Current year's taxes	-		1,186	1,186	-
Releases	169,843		409	409	-
Total property valuation	<u>\$ 2,672,592,632</u>				
Net Levy			3,411,304	3,358,141	53,163
Uncollected taxes at June 30, 2019			<u>10,608</u>	<u>10,608</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 3,400,696</u>	<u>\$ 3,347,533</u>	<u>\$ 53,163</u>
Current Levy Collection Percentage			<u>99.69%</u>	<u>99.68%</u>	<u>100.00%</u>

Statistical Section

(unaudited)

This part of the Town of Wrightsville Beach's Comprehensive Annual Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depicts the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Pages

87-91

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

92-96

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

97-99

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

100-102

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the Town's financial information relates to the services provided and the activities it performs.

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Schedule 1
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 4,634,813	\$ 5,955,052	\$ 6,773,579	\$ 7,037,091	\$ 7,349,074	\$ 7,530,016	\$ 8,079,153	\$ 8,198,295	\$ 8,332,079	\$ 8,909,547
Restricted	162,041	603,605	661,068	590,404	582,645	670,608	1,036,037	718,063	874,645	1,404,741
Unrestricted	5,244,935	4,276,035	4,267,281	4,385,813	5,215,643	6,073,883	7,716,424	9,613,756	8,239,800	11,077,836
Total governmental activities net position	\$ 10,041,789	\$ 10,834,692	\$ 11,701,928	\$ 12,013,308	\$ 13,147,362	\$ 14,274,507	\$ 16,831,614	\$ 18,530,114	\$ 17,446,524	\$ 21,392,124
Business-type activities										
Net investment in capital assets	\$ 3,804,315	\$ 4,124,633	\$ 4,087,039	\$ 3,941,075	\$ 3,692,522	\$ 3,891,672	\$ 4,229,193	\$ 4,120,055	\$ 4,096,329	\$ 4,332,323
Unrestricted	5,869,011	6,000,387	6,298,744	6,618,561	6,765,673	6,873,381	6,720,331	7,152,121	7,522,388	7,995,462
Total business-type activities	\$ 9,673,326	\$ 10,125,020	\$ 10,385,783	\$ 10,559,636	\$ 10,458,195	\$ 10,765,053	\$ 10,949,524	\$ 11,272,176	\$ 11,618,717	\$ 12,327,785
Primary government										
Net investment in capital assets	\$ 8,439,128	\$ 10,079,685	\$ 10,860,618	\$ 10,978,166	\$ 11,041,596	\$ 11,421,688	\$ 12,308,346	\$ 12,318,350	\$ 12,428,408	\$ 13,241,870
Restricted	162,041	603,605	661,068	590,404	582,645	670,608	1,036,037	718,063	874,645	1,404,741
Unrestricted	11,113,946	10,276,422	10,566,025	11,004,374	11,981,316	12,947,264	14,436,755	16,765,877	15,762,188	19,073,298
Total primary government net position	\$ 19,715,115	\$ 20,959,712	\$ 22,087,711	\$ 22,572,944	\$ 23,605,557	\$ 25,039,560	\$ 27,781,138	\$ 29,802,290	\$ 29,065,241	\$ 33,719,909

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2005.

Schedule 2
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 1,748,845	\$ 1,771,512	\$ 1,844,143	\$ 1,818,687	\$ 1,714,743	\$ 1,739,160	\$ 1,385,811	\$ 2,132,947	\$ 1,982,100	\$ 2,535,661
Public safety	4,348,752	4,580,006	4,945,196	5,180,198	5,031,655	5,117,817	4,860,037	5,364,260	5,105,627	5,608,878
Transportation	496,241	611,126	524,519	568,542	605,019	523,892	548,689	421,692	584,855	589,862
Environmental protection	837,466	847,668	902,200	860,722	863,174	796,387	958,315	745,623	805,026	832,650
Cultural and recreation	504,868	516,097	533,929	596,394	606,801	590,685	628,135	670,034	679,345	649,989
Interest on long-term debt	250,496	229,612	110,909	288,693	36,156	104,493	85,936	74,836	64,019	53,776
Total governmental activities expenses	<u>8,186,668</u>	<u>8,556,021</u>	<u>8,860,896</u>	<u>9,333,236</u>	<u>8,857,548</u>	<u>8,872,434</u>	<u>8,466,923</u>	<u>9,409,392</u>	<u>9,220,972</u>	<u>10,270,816</u>
Business-type activities:										
Water and sewer	1,841,451	1,771,385	1,870,045	1,904,121	2,273,166	2,151,003	2,349,188	2,666,658	2,497,074	2,681,821
Total primary government expenses	<u>\$ 10,028,119</u>	<u>\$ 10,327,406</u>	<u>\$ 10,730,941</u>	<u>\$ 11,237,357</u>	<u>\$ 11,130,714</u>	<u>\$ 11,023,437</u>	<u>\$ 10,816,111</u>	<u>\$ 12,076,050</u>	<u>\$ 11,718,046</u>	<u>\$ 12,952,637</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 42,501	\$ 42,501	\$ 45,500	\$ 55,100	\$ 57,019	\$ 62,890	\$ 59,451	\$ 60,287	\$ 67,759	\$ 60,102
Public safety	2,032,052	2,338,725	2,488,867	2,404,164	2,891,403	3,091,286	3,187,236	3,663,652	3,500,218	4,151,272
Environmental protection	983,687	979,014	1,011,431	954,223	929,382	975,225	959,246	962,118	970,593	1,031,805
Cultural and recreation	203,666	187,063	198,016	226,625	232,262	251,472	259,297	301,783	306,495	206,209
Operating grants and contributions	80,634	87,520	118,597	112,801	48,975	4,405	1,197	172,942	101,222	424,904
Capital grants and contributions	48,895	213,528	40,160	68,892	69,731	169,174	69,277	137,984	71,201	897,932
Total governmental activities program revenues	<u>3,391,435</u>	<u>3,848,351</u>	<u>3,902,571</u>	<u>3,821,805</u>	<u>4,228,772</u>	<u>4,554,452</u>	<u>4,535,704</u>	<u>5,298,766</u>	<u>5,017,488</u>	<u>6,772,224</u>
Business-type activities:										
Charges for services:										
Water and sewer	2,199,945	2,289,573	2,283,931	2,247,823	2,146,659	2,510,724	2,526,237	2,976,457	3,051,144	3,522,693
Operating grants and contributions	-	-	14,083	-	-	-	-	1,371	-	-
Total business-type activities program revenues	<u>2,199,945</u>	<u>2,289,573</u>	<u>2,298,014</u>	<u>2,247,823</u>	<u>2,146,659</u>	<u>2,510,724</u>	<u>2,526,237</u>	<u>2,977,828</u>	<u>3,051,144</u>	<u>3,522,693</u>
Total program revenues	<u>\$ 5,591,380</u>	<u>\$ 6,137,924</u>	<u>\$ 6,200,585</u>	<u>\$ 6,069,628</u>	<u>\$ 6,375,431</u>	<u>\$ 7,065,176</u>	<u>\$ 7,061,941</u>	<u>\$ 8,276,594</u>	<u>\$ 8,068,632</u>	<u>\$ 10,294,917</u>

Continued

Schedule 2
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (4,795,233)	\$ (4,707,670)	\$ (4,958,325)	\$ (5,511,431)	\$ (4,628,776)	\$ (4,317,982)	\$ (3,931,219)	\$ (4,110,626)	\$ (4,203,484)	\$ (3,498,592)
Business-type activities	358,494	518,188	427,969	343,702	(126,507)	359,721	177,049	311,170	554,070	840,872
Total net expense	<u>\$ (4,436,739)</u>	<u>\$ (4,189,482)</u>	<u>\$ (4,530,356)</u>	<u>\$ (5,167,729)</u>	<u>\$ (4,755,283)</u>	<u>\$ (3,958,261)</u>	<u>\$ (3,754,170)</u>	<u>\$ (3,799,456)</u>	<u>\$ (3,649,414)</u>	<u>\$ (2,657,720)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,654,132	\$ 3,279,781	\$ 3,277,486	\$ 3,280,207	\$ 3,297,851	\$ 3,279,783	\$ 3,301,505	\$ 3,308,754	\$ 3,394,766	\$ 3,411,935
Local option sales tax	770,931	808,149	1,013,314	1,091,412	1,077,387	1,177,281	1,245,649	1,220,775	1,213,307	1,320,239
Other taxes and licenses	717,732	715,305	539,210	575,318	582,532	500,488	630,149	601,560	633,178	647,911
Unrestricted grants and contributions	281,282	327,479	643,373	574,647	759,497	922,943	941,971	1,051,861	1,047,961	1,005,564
Investment earnings	41,596	14,197	9,071	7,932	3,092	2,758	12,612	27,907	88,819	175,873
Miscellaneous	96,618	155,662	157,807	113,295	42,471	222,294	356,440	6,032	-	671,520
Transfers	180,000	200,000	180,000	180,000	-	-	-	-	-	211,150
Total governmental activities	<u>4,742,291</u>	<u>5,500,573</u>	<u>5,820,261</u>	<u>5,822,811</u>	<u>5,762,830</u>	<u>6,105,547</u>	<u>6,488,326</u>	<u>6,216,889</u>	<u>6,378,031</u>	<u>7,444,192</u>
Business-type activities:										
Investment earnings	79,373	16,596	12,794	10,151	3,751	2,591	6,339	11,482	37,707	79,346
Impact fees	3,000	-	-	-	-	-	-	-	-	-
Miscellaneous	341	116,910	-	-	21,314	1,975	1,083	-	-	-
Transfers	(180,000)	(200,000)	(180,000)	(180,000)	-	-	-	-	-	(211,150)
Total business-type activities	<u>(97,286)</u>	<u>(66,494)</u>	<u>(167,206)</u>	<u>(169,849)</u>	<u>25,065</u>	<u>4,566</u>	<u>7,422</u>	<u>11,482</u>	<u>37,707</u>	<u>(131,804)</u>
Total primary government	<u>\$ 4,645,005</u>	<u>\$ 5,434,079</u>	<u>\$ 5,653,055</u>	<u>\$ 5,652,962</u>	<u>\$ 5,787,895</u>	<u>\$ 6,110,113</u>	<u>\$ 6,495,748</u>	<u>\$ 6,228,371</u>	<u>\$ 6,415,738</u>	<u>\$ 7,312,388</u>
Change in Net Position										
Governmental activities	\$ (52,942)	\$ 792,903	\$ 861,936	\$ 311,380	\$ 1,134,054	\$ 1,787,565	\$ 2,557,107	\$ 2,106,263	\$ 2,174,547	\$ 3,945,600
Business-type activities	261,208	451,694	260,763	173,853	(101,442)	364,287	184,471	322,652	591,777	709,068
Total change in net position	<u>\$ 208,266</u>	<u>\$ 1,244,597</u>	<u>\$ 1,122,699</u>	<u>\$ 485,233</u>	<u>\$ 1,032,612</u>	<u>\$ 2,151,852</u>	<u>\$ 2,741,578</u>	<u>\$ 2,428,915</u>	<u>\$ 2,766,324</u>	<u>\$ 4,654,668</u>

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2005.

Schedule 3
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved for:										
State statute	\$ 420,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	27,529	-	-	-	-	-	-	-	-	-
Prepaid items	47,502	-	-	-	-	-	-	-	-	-
Reserved for Powell Bill	61,427	-	-	-	-	-	-	-	-	-
Reserved for police Federal and State forfeited property	100,614	-	-	-	-	-	-	-	-	-
Total reserved	657,607	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent year's expenditures	678,790	-	-	-	-	-	-	-	-	-
Undesignated	3,771,682	-	-	-	-	-	-	-	-	-
Non-spendable inventory and prepaid items	-	78,588	43,347	52,101	55,560	\$ 55,560	\$ 37,715	\$ 35,973	\$ 39,244	\$ 83,295
Restricted for Stabilization by State Statute	-	488,358	629,251	590,404	582,645	670,608	757,648	646,160	749,483	810,068
Restricted	-	115,247	29,319	-	-	-	-	68,530	121,787	121,787
Assigned	-	655,563	336,160	357,020	175,656	327,515	-	-	-	181,735
Unassigned	-	3,743,771	4,131,644	4,275,417	5,450,560	6,501,883	8,045,197	9,514,553	10,625,770	11,778,826
Total General Fund	\$ 5,108,079	\$ 5,081,527	\$ 5,169,721	\$ 5,274,942	\$ 6,264,421	\$ 7,555,566	\$ 8,840,560	\$ 10,265,216	\$ 11,536,284	\$ 12,975,711
All Other Governmental Funds										
Reserved by State statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital Reserve Fund	337,936	529,171	-	-	-	-	-	-	-	-
Capital Project Fund	683,933	156,764	-	-	-	-	-	-	-	-
Non-spendable prepaid items:										
Restricted for Stabilization by State Statute	-	-	2,498	-	-	-	278,025	3,373	3,375	3,375
Committed:	-	-	770,862	700,236	1,005,854	1,524,216	2,345,767	3,167,861	4,072,527	6,093,158
Assigned	-	-	86,574	451,345	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(48)	(3,655)	(65,180)
Total all other governmental funds	\$ 1,021,869	\$ 685,935	\$ 859,934	\$ 1,151,581	\$ 1,005,854	\$ 1,524,216	\$ 2,623,792	\$ 3,171,186	\$ 4,072,247	\$ 6,031,353

Note: Tables show pre GASB 54 and post GASB 54 implementation. Difference will correct themselves through attrition.

Schedule 4
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 4,131,215	\$ 4,806,193	\$ 4,837,060	\$ 4,949,671	\$ 4,954,330	\$ 3,779,428	\$ 3,938,165	\$ 3,913,195	\$ 4,025,648	\$ 4,054,741
Intergovernmental revenue	361,813	628,359	800,300	753,325	878,197	2,273,803	2,258,094	2,412,330	2,334,275	2,817,502
Licenses, fees, and permits	129,519	157,899	285,706	348,291	339,157	426,995	307,841	435,275	375,944	630,561
Charges for services	3,132,387	3,389,404	3,459,938	3,294,836	3,770,915	3,953,878	4,157,389	4,535,078	4,457,899	4,818,827
Investment earnings	41,699	14,366	9,071	7,932	1,637	2,758	10,466	25,662	86,315	161,938
Miscellaneous	192,542	164,084	157,807	113,295	42,471	222,294	62,672	188,519	110,638	671,520
Total revenues	7,989,175	9,160,305	9,549,882	9,467,350	9,986,707	10,659,156	10,734,627	11,510,059	11,390,719	13,155,089
Expenditures										
General government	1,633,166	1,672,192	1,740,578	1,765,165	1,570,887	1,607,794	1,545,675	1,880,408	1,845,625	2,350,077
Public safety	3,969,867	4,174,346	4,473,831	4,676,019	4,485,756	4,690,160	4,287,648	4,765,295	4,569,379	5,027,697
Transportation	451,758	558,089	479,846	536,932	554,226	481,879	499,707	365,412	494,416	545,419
Environmental protection	759,828	767,984	830,360	782,552	790,577	752,862	667,404	667,804	747,265	773,480
Cultural and recreation	456,365	471,541	478,150	535,883	543,777	546,271	570,040	595,734	630,459	604,379
Capital outlay	5,899,426	1,007,139	591,922	194,770	224,003	371,723	456,841	300,946	397,268	582,950
Debt service:										
Principal	295,440	685,563	656,428	587,737	428,572	486,062	486,901	487,753	428,572	428,571
Interest	22,018	395,232	216,574	171,424	110,110	102,423	91,342	80,246	69,140	58,897
Total expenditures	13,487,868	9,732,086	9,467,689	9,250,482	8,707,908	9,039,174	8,605,558	9,143,598	9,182,124	10,371,470
Revenues over (under) expenditures	(5,498,693)	(571,781)	82,193	216,868	1,278,799	1,619,982	2,129,069	2,366,461	2,208,595	2,783,619
Other Financing Sources (Uses)										
Installment purchase proceeds	203,300	-	-	-	-	-	-	-	-	-
Transfers in	418,000	473,925	544,575	743,970	242,845	870,000	66,427	171,845	142,250	513,308
Transfers out	(238,000)	(273,925)	(364,575)	(563,970)	(532,165)	(870,000)	(910,502)	(1,113,650)	(1,079,777)	(1,857,500)
Total other financing sources (uses)	383,300	200,000	180,000	180,000	(289,320)	-	(844,075)	(941,805)	(937,527)	(1,344,192)
Net change in fund balances	<u>\$ (5,115,393)</u>	<u>\$ (371,781)</u>	<u>\$ 262,193</u>	<u>\$ 396,868</u>	<u>\$ 989,479</u>	<u>\$ 1,619,982</u>	<u>\$ 1,284,994</u>	<u>\$ 1,424,656</u>	<u>\$ 1,271,068</u>	<u>\$ 1,439,427</u>
Debt service as a percentage of non-capital expenditures	<u>4.2%</u>	<u>12.4%</u>	<u>9.8%</u>	<u>8.4%</u>	<u>6.3%</u>	<u>6.8%</u>	<u>7.1%</u>	<u>6.4%</u>	<u>5.7%</u>	<u>4.9%</u>

Schedule 5
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Ad valorem Taxes ¹	Room		Franchise Tax	Total Taxes
		Sales Taxes	Occupancy Tax		
2010	\$ 2,642,552	\$ 770,931	\$ 468,022	\$ 249,710	\$ 4,131,215
2011	3,282,739	808,149	463,389	251,916	4,806,193
2012	3,284,536	1,013,314	505,306	212,454	5,015,610
2013	3,282,941	1,091,412	547,533	216,792	5,138,678
2014	3,294,411	1,077,387	554,014	256,609	5,182,421
2015	3,278,940	1,177,281	474,010	336,188	5,266,419
2016	3,308,016	1,245,649	610,603	400,116	5,564,384
2017	3,311,635	1,220,775	524,328	356,352	5,413,090
2018	3,392,470	1,213,307	553,358	367,428	5,526,563
2019	3,406,830	1,320,239	553,100	363,836	5,644,005
% Change					
2010-2019	<u>28.92%</u>	<u>71.25%</u>	<u>18.18%</u>	<u>45.70%</u>	<u>36.62%</u>

¹ Property tax rates have remained fairly constant over the past ten years. The most recent property re-evaluation was in 2017.

Source: Town records.

Schedule 6
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate
2010	\$ 3,226,175,000	\$ 69,600,000	\$ 2,450,000	\$ 3,298,225,000	0.0800
2011	3,232,053,329	71,654,784	3,255,511	3,306,963,624	0.0990
2012	3,237,762,182	74,467,912	2,980,221	3,315,210,315	0.0990
2013	2,387,932,680	74,706,007	2,921,125	2,465,559,812	0.1330
2014	2,391,341,930	85,664,304	2,731,799	2,479,738,033	0.1330
2015	2,384,852,730	80,654,567	2,641,933	2,468,149,230	0.1330
2016	2,394,410,000	80,197,000	2,640,000	2,477,247,000	0.1330
2017	2,391,952,638	91,871,056	3,577,850	2,487,401,544	0.1275
2018	2,560,294,942	97,194,971	3,816,076	2,661,305,989	0.1275
2019	2,565,794,042	102,859,406	3,939,184	2,672,592,632	0.1275

Notes: The State mandates that property must be reassessed at least once every eight years.
The last re-evaluation was in 2017.
Property is assessed at actual value; therefore, the assessed values are equal to actual values.
Tax rates are per \$100 of assessed value.

Source: New Hanover County Tax Department.

Schedule 7
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Principal Property Taxpayers
Current Year and Nine Years Ago
Fiscal Year Ended June 30

Taxpayer	2019				2010			
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	
Moores' Inlet Partnership	\$ 31,831,166	1	1.21%		\$ 34,517,016	1	1.05%	
Four Seasons Management	21,069,400	2	0.80%		18,391,398	2	0.56%	
Seapath Yacht Club	16,968,112	3	0.64%		17,385,718	3	0.53%	
Carolina Yacht Club	12,934,009	4	0.49%		-	-	-	
Sea Oats Management Co	10,114,500	5	0.38%		8,375,135	8	0.25%	
Hanover Seaside Club	9,300,483	6	0.35%		-	-	-	
Crystal Pier LLC	8,907,400	7	0.34%		-	-	-	
19 E Salisbury LLC	7,583,300	8	0.29%		-	-	-	
SSWB Interests LLC	7,126,500	9	0.27%		-	-	-	
Wrightsville Yacht Club Inc	7,084,923	10	0.27%		-	-	-	
Surf Club Inc	-	-	-		14,168,360	4	0.43%	
Lumina Acquisition LLC	-	-	-		12,147,028	6	0.37%	
Annie Bryant Peterson	-	-	-		13,013,859	5	0.39%	
James W and Katherine J Busby	-	-	-		9,183,497	7	0.28%	
Joseph G. Priest	-	-	-		7,837,323	9	0.24%	
Henry Anderson Jr.	-	-	-		7,767,904	10	0.24%	
Total	\$ 132,919,793		4.97%		\$ 117,998,514		3.58%	
Total taxable assessed value	\$ 2,672,592,632				\$ 3,298,225,000			

Source: New Hanover County Tax Office.

Schedule 8
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30	Town of Wrightsville Beach		New Hanover County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
2010	0.0800	0.0800	0.4525	0.4525	0.5325
2011	0.0990	0.0990	0.4655	0.4655	0.5645
2012	0.0990	0.0990	0.4655	0.4655	0.5645
2013	0.1330	0.1330	0.5540	0.5540	0.6870
2014	0.1330	0.1330	0.5540	0.5540	0.6870
2015	0.1330	0.1330	0.5740	0.5740	0.7070
2016	0.1330	0.1330	0.5540	0.5540	0.6870
2017	0.1275	0.1275	0.5053	0.5053	0.6328
2018	0.1275	0.1275	0.4903	0.4903	0.6178
2019	0.1275	0.1275	0.4903	0.4903	0.6178

Note: Overlapping rates are rates of local governments that apply to the property owners within the Town of Wrightsville Beach.

Source: New Hanover County Tax Department.

Schedule 9

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes				Property Tax Collections Subsequent Years	Property Tax	
		Collected within the Fiscal Year of the Levy		Percentage of Levy	Total Collections to Date		Percentage of Levy	
		Amount						
2010	\$ 2,653,765	\$ 2,632,361		99.19	\$ 18,425	\$ 2,650,786	99.89	
2011	3,273,438	3,259,786		99.58	10,821	3,270,607	99.91	
2012	3,284,804	3,266,029		99.43	11,614	3,277,643	99.78	
2013	3,276,560	3,263,024		99.59	6,805	3,269,829	99.79	
2014	3,296,577	3,278,954		99.47	-	3,278,954	99.47	
2015	3,284,743	3,267,807		99.48	-	3,267,807	99.48	
2016	3,305,200	3,294,274		99.67	-	3,294,274	99.67	
2017	3,311,208	3,301,405		99.70	-	3,301,405	99.70	
2018	3,398,007	3,387,662		99.70	-	3,387,662	99.70	
2019	3,411,304	3,400,696		99.69	-	3,400,696	99.69	

Source: New Hanover County Tax Department.

Schedule 10
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities Installment Debt	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2010	\$ 6,643,845	\$ 6,643,845	0.095%	\$ 2,671.43
2011	5,958,277	5,958,277	0.084%	2,389.04
2012	5,302,023	5,302,023	0.071%	2,123.36
2013	4,714,286	4,714,286	0.060%	1,885.71
2014	4,460,714	4,460,714	N/A	1,776.47
2015	3,974,652	3,974,652	N/A	1,587.32
2016	3,487,781	3,487,781	N/A	1,391.77
2017	2,999,998	2,999,998	N/A	1,195.69
2018	2,771,162	2,771,162	N/A	1,087.16
2019	2,142,855	2,142,855	N/A	855.43

¹ See Schedule 13 for personal income and population data.

Note: Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.

Personal income statistics are not available for the Town of Wrightsville Beach. Percentages are calculated using data for New Hanover County.

Source: Town of Wrightsville Beach and New Hanover County.

Schedule 11
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 419,336,727	7.73%	\$ 32,432,736
Town of Wrightsville Beach debt	\$ 2,142,855	100.00%	2,142,855
Total direct and overlapping debt			\$ 34,575,591

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Wrightsville Beach. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages are estimated by determining the portion of the County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total assessed value.

Source: Town of Wrightsville Beach and New Hanover County.

Schedule 12
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for June 30, 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assessed value										\$ 2,672,592,632
Debt limit (8% of assessed value)										\$ 213,807,411
Debt applicable to limit:										2,142,855
Installment Purchase Agreement										\$ 211,664,556
Legal debt margin										
Debt limit	\$ 263,858,000	\$ 264,557,090	\$ 265,216,285	\$ 197,244,785	\$ 198,379,043	\$ 197,451,938	\$ 198,179,760	\$ 198,992,124	\$ 212,904,479	\$ 213,807,411
Total net debt applicable to limit	6,643,845	5,958,277	5,302,023	4,714,286	4,460,714	3,974,652	3,487,751	2,999,998	2,771,162	2,142,855
Legal debt margin	\$ 257,214,155	\$ 258,598,813	\$ 259,914,262	\$ 192,530,499	\$ 193,918,329	\$ 193,477,286	\$ 194,692,009	\$ 195,992,126	\$ 210,133,317	\$ 211,664,556
Total net debt applicable to the limit as a percentage of debt limit	<u>2.52%</u>	<u>2.25%</u>	<u>2.00%</u>	<u>2.39%</u>	<u>2.25%</u>	<u>2.01%</u>	<u>1.76%</u>	<u>1.51%</u>	<u>1.30%</u>	<u>1.00%</u>

Note: NC General Statute 159 states that the net debt of the unit should not exceed eight percent (8%) of the assessed value of property subject to taxation.

Schedule 13
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	Town of		New Hanover County		
	Wrightsville Beach				
	Population ¹	Personal Income (000's) ²	Per Capita Personal Income ²	Unemployment Rate ³	
2010	2,487	\$ 7,051,558	\$ 34,588	9.7%	
2011	2,494	7,445,150	36,020	9.9%	
2012	2,497	7,858,545	36,054	9.2%	
2013	2,500	n/a	36,653	8.3%	
2014	2,511	n/a	39,035	6.3%	
2015	2,504	n/a	40,487	5.7%	
2016	2,506	n/a	42,262	4.9%	
2017	2,509	n/a	44,236	4.3%	
2018	2,549	n/a	n/a	3.9%	
2019	2,505	n/a	n/a	4.1%	

Note: Personal income and unemployment statistics are not available for the Town of Wrightsville Beach.

¹ Source: North Carolina State Demographer and Town.

² Source: Bureau of Economic Analysis.

³ Source: Bureau of Labor Statistics

Schedule 14
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Principal Employers in New Hanover County
Current Fiscal Year and Nine Years Ago

Employer (Top Ten)	2019					2010				
	Percentage					Percentage				
	Employees	Rank	Employment	of Total County		Employees	Rank	Employment	of Total County	
New Hanover Regional Medical Center	7,138	1	5.86%			4,890	1	5.17%		
New Hanover County Schools	4,240	2	3.48%			4,130	2	4.37%		
General Electric Company	2,800	3	2.30%			3,000	3	3.17%		
Wal-Mart Stores	2,414	4	1.98%				-	-		
University of NC at Wilmington	2,024	5	1.66%			1,810	4	1.91%		
New Hanover County Government	1,813	6	1.49%			1,670	6	1.77%		
PPD, Inc.	1,500	7	1.23%			1,800	5	1.90%		
Duke Energy Progress	1,375	8	1.13%				-	-		
Verizon Wireless	1,167	9	0.96%			1,200	9	1.27%		
City of Wilmington	1,077	10	0.88%			1,200	8	1.27%		
Cape Fear Community College	-	-				1,260	7	1.33%		
Corning, Inc.	-	-				1,000	10	1.06%		
Total New Hanover County Employment	<u>121,911</u>					<u>94,585</u>				

Note: Employment data for the Town of Wrightsville Beach is not available.

Source: New Hanover County

Schedule 15
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Full-Time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	12	12	12	12	12	12	12	12	12	12
Public safety	43	43	44	44	45	45	45	45	45	45
Transportation	5	5	5	5	5	5	5	5	5	5
Environmental protection	8	8	8	8	8	8	8	8	8	8
Cultural and recreation	5	5	5	5	5	5	5	5	5	5
Water and sewer	9	9	9	9	9	9	9	9	9	9
Total	82	82	83	83	84	84	84	84	84	84

Source: Town records

Schedule 16
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years
(Calendar Years Where Indicated)

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Police Department:										
Criminal charges (calendar years)	3,164	3,164	3,226							
Reported serious offenses (calendar years)	399	405	419	273	196	212	222	541	106	405
* Incident and Invest (Total Offenses), Group A Offenses				660	355	518	252	110	110	670
* Incident and Invest (Total Offenses), Group B Offenses				128	69	62	39	394	195	236
* Other Miscellaneous Crimes				1,375	1,200	763	1,033	953	754	1,332
* Total Ordinance Tickets Issued				1,499	1,214	1,246	2,008	3,230	1,508	1,996
* Total Criminal Citations Issued										
* Represents a change in Police Department reporting as of 1/1/13										
Fire Department:										
Fire alarms (calendar years)	113	170	146	104	170	166	175	175	90	160
EMS calls (calendar years)	433	402	360	350	393	478	415	450	205	342
Planning and Inspections:										
Building permits issued	417	400	527	481	481	547	412	375	229	425
Value (\$000)	\$ 8,256	\$ 12,803	\$ 25,832	\$ 13,482	\$ 17,795	\$ 23,232	\$ 21,379	\$ 18,596	\$ 14,466	\$ 47,258
Cultural and recreation										
Softball field reservations (calendar years)	14	4	60	37	34	47	50	35	18	30
Recreation center reservations (calendar years)	126	115	119	55	49	8	71	64	36	66
Recreation programs (calendar years)	23	23	23	23	23	26	22	22	22	22
Water and Sewer										
Customers	2,679	2,690	2,678	2,678	2,686	2,695	2,703	2,719	2,721	2,743
Water - average daily consumption in gallons	757,533	910,074	876,332	795,291	811,718	826,000	783,870	803,279	689,807	759,332
Sewer - average daily inflow (in gallons)	636,266	587,641	565,217	557,938	624,000	580,169	496,710	592,279	524,668	598,584

Note: 2018 calendar year is for the period January-June.

Source: Town records

Schedule 17
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Cultural and Recreation:										
Parks	7	7	7	7	7	7	7	7	7	7
Park acreage	30	30	30	30	30	30	30	30	30	30
Recreation centers	1	1	1	1	1	1	1	1	1	1
Water and Sewer										
Pump stations	7	7	7	7	7	7	7	7	7	7
Water treatment centers	2	2	2	2	2	2	2	2	2	2
Wells	8	8	8	8	8	8	8	8	8	8
Ground storage water tanks	2	2	2	2	2	2	2	2	2	2
Elevated water storage tanks	2	2	2	2	2	2	2	2	2	2

Source: Town records.

Compliance Section

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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
Board of Aldermen
Town of Wrightsville 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 the Town of Wrightsville Beach, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wrightsville 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 Wrightsville Beach's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wrightsville Beach'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 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2019-001, 2019-002, and 2019-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wrightsville Beach's financial statements are free from material misstatement, we performed tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance and other matters 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 an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as Finding 2019-003.

Town of Wrightsville Beach's Responses to Findings

The Town of Wrightsville Beach's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements; and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 13, 2019

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies identified? None reported

Non-compliance material to financial statements noted? Yes

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

2. Financial Statements Findings

Material Weakness

Finding 2019-001 – Inadequate Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions and there was turnover in the current year.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit (2018-001).

Recommendation: The duties should be separated as much as possible and alternative controls should be used to compensate for lack of separation.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding and will continue to follow the guidelines noted in the Corrective Action Plan.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

2. Financial Statements Findings

Material Weakness

Finding 2019-002

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the Town's general ledger to conform to accounting principles general accepted in the United States of America and generally accepted governmental accounting standards.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgement, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the Town's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Effect: Errors could occur in financial reporting.

Cause: There are limited Town resources as it relates to the preparation of all necessary year-end adjustments for financial reporting purposes.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit (2018-002).

Recommendation: Management should examine the adjustments required as a result of our audit and the Finance Officer should assure they are reconciled and reported prior to the audit.

Views of Responsible Officials and Planned Corrective Action: Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

2. Financial Statements Findings

Material Weakness

Compliance Violation

Finding 2019-003

Criteria: N.C. General Statute 159-28 requires that obligations of the unit be pre-audited in accordance with the Local Government Budget and Fiscal Control Act. Before the finance officer approves a claim, the finance officer should verify there is an appropriation in the budget ordinance authorizing the obligation and an unencumbered balance remaining in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction.

Condition: One department of the Town is over budget.

Effect: Expenditures exceed approved budget.

Cause: Lack of budgetary control.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit (2018-003).

Recommendation: Management and the Board should review the budget reports to ensure compliance in future years.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.



TOWN OF WRIGHTSVILLE BEACH

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2019

Material Weakness

Finding 2019-001

Name of Contact Person: Melissa Norton, Finance Officer

Corrective Action: Management will continue to closely monitor the daily transactions performed where there are risks due to the lack of segregation of duties. Management has studied a list of recommendations the Local Government Commission published for all units with fewer staff members that discusses ways to assist with internal control monitoring and will continue to implement those suggestions when possible.

Proposed Completion Date: The monitoring is currently in place.

Material Weakness

Finding 2019-002

Name of Contact Person: Melissa Norton, Finance Officer

Corrective Action: Management will examine the adjustments made during the audit process. In the future, the Finance Officer will make those adjustments prior to year-end.

Proposed Completion Date: The adjustments will be made starting FY 2020.

Material Weakness/Compliance Violation

Finding 2019-003

Name of Contact Person: Melissa Norton, Finance Officer

Corrective Action: Management concurs and will ensure proper pre-audit procedures are in place to ensure compliance with the General Statutes. All budget amendments will be prepared before year end to ensure that all departments are within the budgeted amounts.

Proposed Completion Date: The monitoring is currently in place.



TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

Finding 2018-001

Status: Repeated as 2019-001. Duties are being separated as much as possible and alternative controls are implemented to compensate for the lack of separation. Management is becoming more involved in providing some of the controls.

Finding 2018-002

Status: Repeated as 2019-002.

Finding 2018-003

Status: Modified and repeated as 2019-003.