

Town of Wrightsville Beach North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

TOWN OF WRIGHTSVILLE BEACH NORTH CAROLINA



1899

*Comprehensive
Annual
Financial
Report*

*Fiscal Year Ended
June 30, 2020*

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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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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

December 14, 2020

The Honorable Mayor Darryl Mills,
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, 2020, 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, 2020 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, 2020, 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 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 2,532 increases dramatically in the summer season to an estimated 30,000 plus.

ECONOMIC CONDITIONS AND OUTLOOK

Despite the ongoing global pandemic and financial crisis which continues to impact world economies, Wrightsville Beach continues to attract people to the area. This is in large part due to the tourist beach-resort family environment with excellent restaurants, shops and attractions, one of which is the pristine beach staffed by highly skilled lifeguards. Wrightsville Beach is not alone in facing these challenges, and the Town continues to prioritize mission critical services while maintaining its high level of commitment to the community. The overall economy and surrounding region has many economic trends which indicate Wrightsville Beach is well positioned to weather the pandemic.

According to the Bureau of Labor Statistics, the United States unemployment rate is currently 7.2%, with North Carolina at 7.5%. Results from the U. S. Census Bureau Quick Facts Reports show almost 18% of New Hanover County's population living in poverty. Although specific

socioeconomic demographics are not available for Wrightsville Beach, the Town has fared 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, despite the global financial crisis due to the pandemic. Overall, revenues exceeded projections due in part to increases in sales tax, building permits, parking revenues, refuse fees and room occupancy tax. Conservative revenue projections and expenditure policies resulted in a healthy fund balance at the end of FY 2020. The Town began the fiscal year with a fund balance of \$12,976 million and ended the year with a fund balance of \$13,668 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 2020, the TDA approved more than \$1,000,000 to fund the Town's ocean rescue and beach patrol programs, fireworks and advertising costs for the North Carolina Holiday Flotilla, arborist Live Oak tree maintenance, Salisbury Ocean Access Park streetscape project 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 Hurricane Dorian in September 2019, and completed the majority of the recovery projects and received reimbursement during FY 2020. Additional training and preparedness measures continue to occur for future events.
- COVID 19 – The Town had impacts from the pandemic to both expected revenues from Parking and Tourism as well as unplanned expenses for Covid precautions (cleaning and supplies), mitigation, and testing. The Town worked closely with New Hanover County to obtain CARES Act monies to alleviate some of the expense burden.
- General Fund Projects – During FY 2020, 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.
 - Transfer of Emergency Operations Center location to the New Hanover County Library for disaster recovery (with electricity/generator and technology additions)
 - Replacement or purchase of additional Pay Stations and Smart Credit Card Parking meters.
 - Street repair and paving on Keel and Short Streets
 - Replacement of vehicles in multiple departments.
 - Transfer of funds for future Capital purchases in most departments.
- Water and Sewer Fund Projects – During FY 2020, 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.
- Continued 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 2020 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 Fire Pumper Apparatus/Ladder Truck.

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, 2019. This is the twenty fifth 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

Darryl Mills, Mayor

Hank Miller, III, Mayor Pro Tem

Ken Dull

Jeff DeGroote

Zeke Partin

Town Manager

Timothy Owens

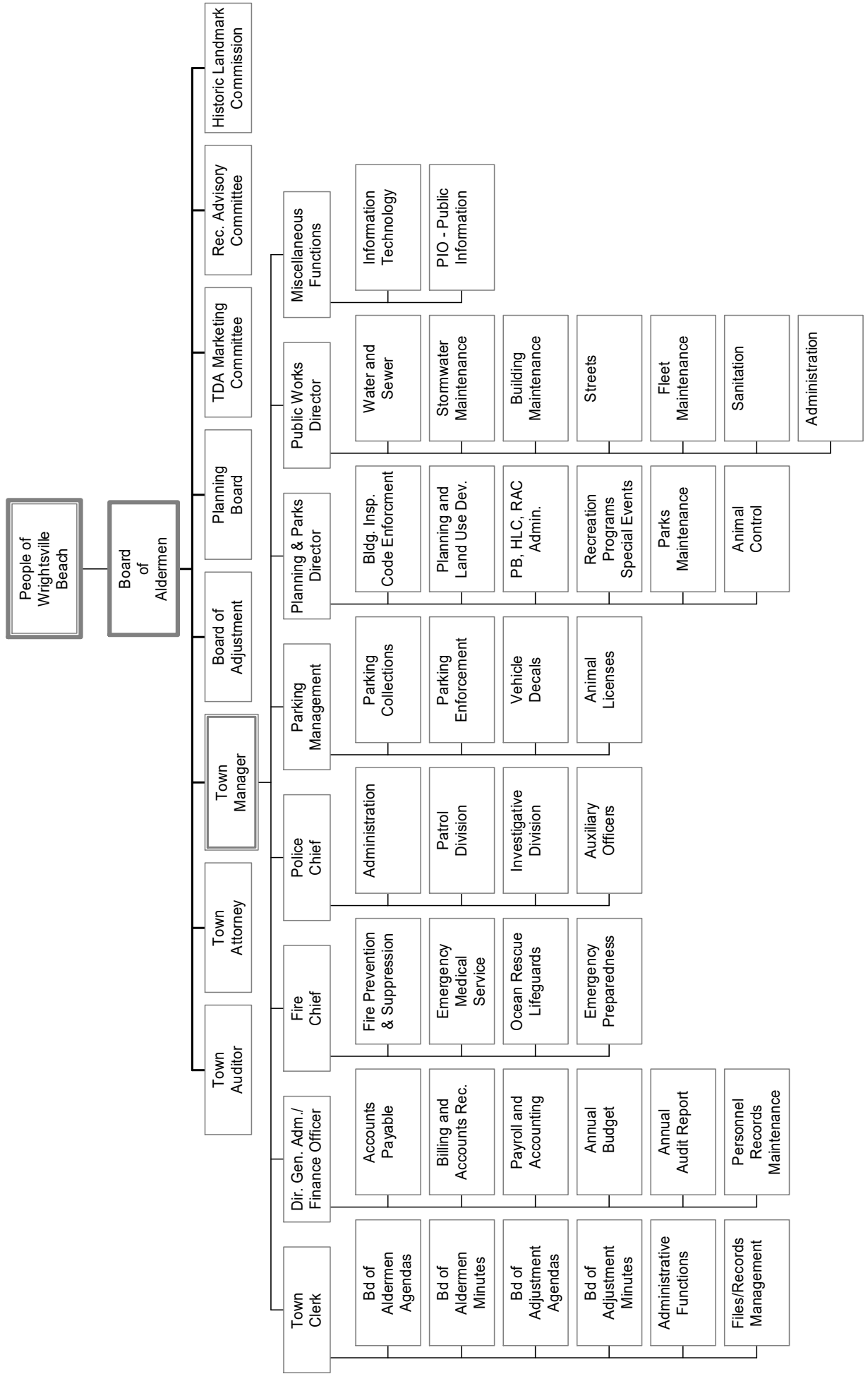
Finance Officer

Melissa Norton

TOWN OF WRIGHTSVILLE BEACH
LIST OF TOWN OFFICIALS
JUNE 30, 2020

<u>TITLE</u>	<u>NAME</u>
Mayor	Darryl Mills
Mayor Pro Tem	Hank Miller, III
Alderman	Ken Dull
Alderman	Jeff DeGroot
Alderman	Zeke Partin
Town Attorney	Brian Edes
Town Manager	Timothy Owens
Town Clerk	Sylvia Holleman
Finance Officer	Melissa Norton
Police Chief	Ralph Evangelous, Interim
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, 2019

Christopher P. Morrill

Executive Director/CEO

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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, 2020, 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, 2020, 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 December 14, 2020 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
December 14, 2020

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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, 2020. 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

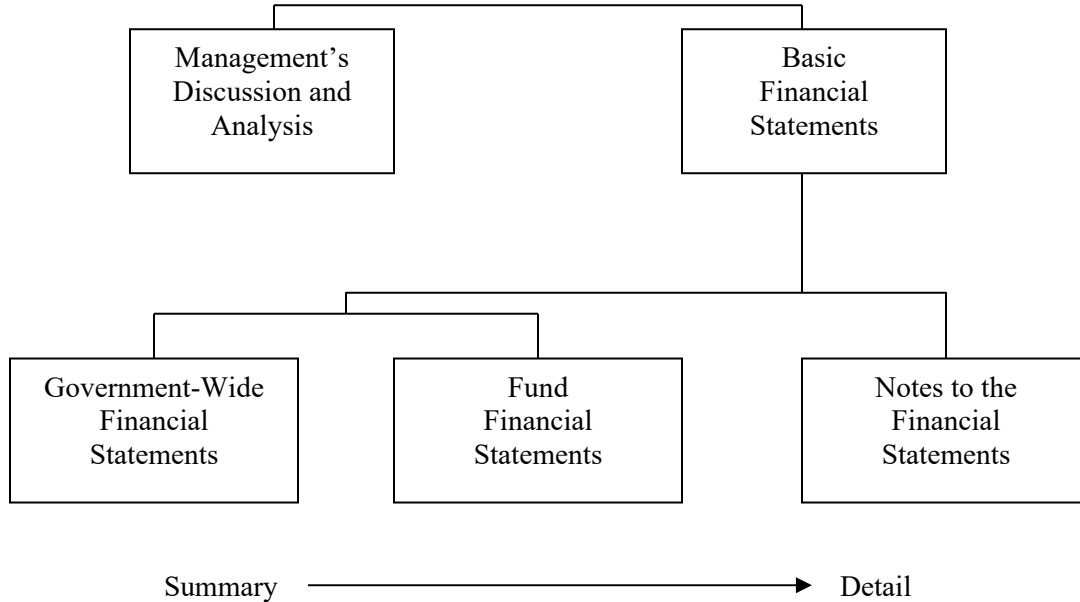
- The assets and the deferred outflows of resources of the Town of Wrightsville Beach exceeded its liabilities and deferred inflows at the close of the fiscal year by \$36,776,660 (*net position*).
- The government's total net position increased by \$3,056,751, primarily due to increases in the governmental 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 private donations for an upcoming streetscape/tourism 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 \$18,706,098, a decrease of \$300,966 in comparison with the prior year.
- 5% of this total amount, or \$954,773, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,730,439, or 119%, of total General Fund expenditures for the fiscal year.
- The Town's total debt decreased by \$428,569 (20%) during the current fiscal year. The key factor in the decrease was scheduled principal payments on the loan for the Public Safety Facility.

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 I) 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 2020, net position is \$36,776,660.

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 26-56 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 57 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.

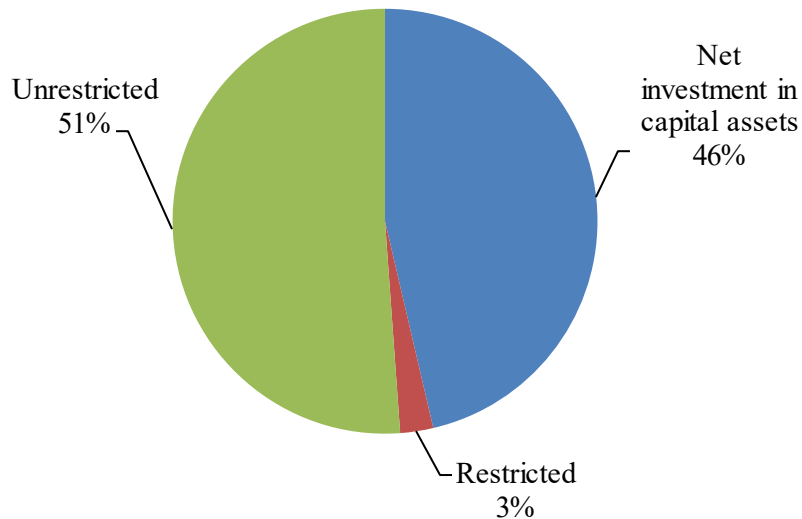
Government-Wide Financial Analysis

Town of Wrightsville Beach's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 19,499,660	\$ 19,458,759	\$ 8,456,125	\$ 8,482,810	\$ 27,955,785	\$ 27,941,569
Capital assets	14,543,493	11,052,402	4,214,943	4,332,323	18,758,436	15,384,725
Total assets	<u>34,043,153</u>	<u>30,511,161</u>	<u>12,671,068</u>	<u>12,815,133</u>	<u>46,714,221</u>	<u>43,326,294</u>
Deferred outflows of resources	<u>1,231,063</u>	<u>1,380,693</u>	<u>38,678</u>	<u>31,198</u>	<u>1,269,741</u>	<u>1,411,891</u>
Liabilities						
Long-term liabilities outstanding	8,688,489	8,776,830	436,534	351,601	9,125,023	9,128,431
Other liabilities	1,491,923	1,097,718	128,761	132,025	1,620,684	1,229,743
Total liabilities	<u>10,180,412</u>	<u>9,874,548</u>	<u>565,295</u>	<u>483,626</u>	<u>10,745,707</u>	<u>10,358,174</u>
Deferred inflows of resources	<u>433,075</u>	<u>625,182</u>	<u>28,520</u>	<u>34,920</u>	<u>461,595</u>	<u>660,102</u>
Net Position:						
Net investment in capital assets	12,829,207	8,909,547	4,214,943	4,332,323	17,044,150	13,241,870
Restricted	922,761	1,404,741	-	-	922,761	1,404,741
Unrestricted	<u>10,908,761</u>	<u>11,077,836</u>	<u>7,900,988</u>	<u>7,995,462</u>	<u>18,809,749</u>	<u>19,073,298</u>
Total net position	<u>\$ 24,660,729</u>	<u>\$ 21,392,124</u>	<u>\$ 12,115,931</u>	<u>\$ 12,327,785</u>	<u>\$ 36,776,660</u>	<u>\$ 33,719,909</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 \$36,776,660 as of June 30, 2020. The Town's net position increased by \$3,056,751 for the fiscal year ended June 30, 2020.

A significant portion of the Town of Wrightsville Beach's net position (51%) 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 (3%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$17,044,150 (46%) 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 99.6%.
- Increase in revenues from other taxes and licenses by 2% over the prior year
- Contributions by donors towards a major streetscape/tourism 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 5,152,729	\$ 5,449,388	\$ 3,523,867	\$ 3,522,693	\$ 8,676,596	\$ 8,972,081
Operating grants and contributions	625,943	424,904	-	-	625,943	424,904
Capital grants and contributions	431,683	897,932	-	-	431,683	897,932
General Revenues:						
Property taxes	3,405,573	3,411,935	-	-	3,405,573	3,411,935
Other taxes	751,674	647,911	-	-	751,674	647,911
Grants and contributions not restricted to specific programs	2,321,793	2,325,803	-	-	2,321,793	2,325,803
Other	583,183	847,393	70,140	79,346	653,323	926,739
Total revenues	<u>13,272,578</u>	<u>14,005,266</u>	<u>3,594,007</u>	<u>3,602,039</u>	<u>16,866,585</u>	<u>17,607,305</u>
Expenses:						
General government	2,464,626	2,535,661	-	-	2,464,626	2,535,661
Public safety	5,986,336	5,608,878	-	-	5,986,336	5,608,878
Transportation	563,395	589,862	-	-	563,395	589,862
Environmental protection	1,044,375	832,650	-	-	1,044,375	832,650
Culture and recreation	651,706	649,989	-	-	651,706	649,989
Interest on long-term debt	43,535	53,776	-	-	43,535	53,776
Water and sewer	-	-	3,055,861	2,681,821	3,055,861	2,681,821
Total expenses	<u>10,753,973</u>	<u>10,270,816</u>	<u>3,055,861</u>	<u>2,681,821</u>	<u>13,809,834</u>	<u>12,952,637</u>
Change in net position before transfers	2,518,605	3,734,450	538,146	920,218	3,056,751	4,654,668
Transfers from (to) other funds	<u>750,000</u>	<u>211,150</u>	<u>(750,000)</u>	<u>(211,150)</u>	<u>-</u>	<u>-</u>
Change in net position	3,268,605	3,945,600	(211,854)	709,068	3,056,751	4,654,668
Net Position:						
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 24,660,729</u>	<u>\$ 21,392,124</u>	<u>\$ 12,115,931</u>	<u>\$ 12,327,785</u>	<u>\$ 36,776,660</u>	<u>\$ 33,719,909</u>

Governmental Activities. Governmental activities increased the Town's net position by \$3,268,605, thereby accounting for 107% 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 decreased the Town of Wrightsville Beach's net position by \$211,854, accounting for negative 7% of the total growth in the government's net position. This decrease was primarily due to a \$750,000 transfer out of the water and sewer department for capital projects.

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 \$12,841,819, while total fund balance reached \$13,663,855. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 100.63% of total General Fund expenditures and transfers out, while total fund balance represents 107.07% of that same amount.

At June 30, 2020, the governmental funds of the Town of Wrightsville Beach reported a combined fund balance of \$18,706,098, a 2% decrease 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 FMA Program 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. Fund balance in the Salisbury Ocean Access Park Fund decreased \$1,617,279 due to ongoing project construction costs.

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 fees/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 \$7,900,988. The total decrease in net position was \$211,854.

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, 2020, totals \$18,758,436 (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):

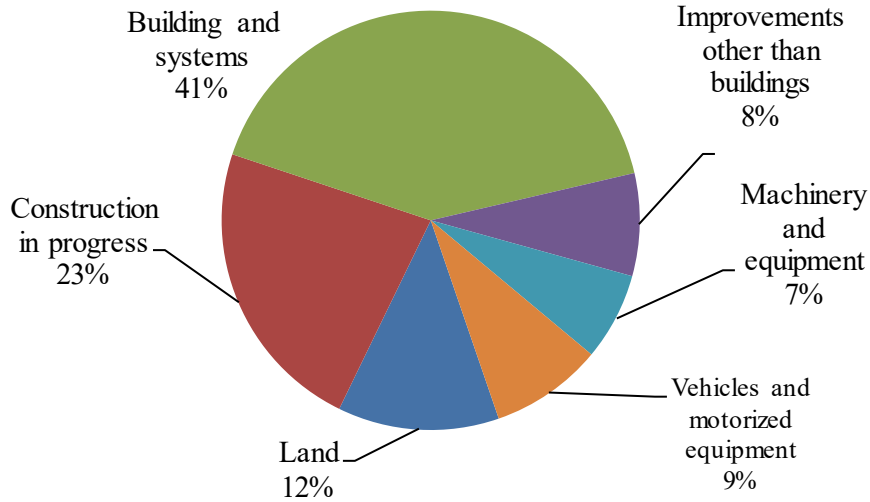
- Purchase of replacement Police vehicles.
- Purchase of replacement Parks Maintenance vehicle.
- Purchase of replacement Park Ranger vehicle.
- Purchase of Street Department load packer truck/body.
- Purchase of Public Works Generator.

**Town of Wrightsville Beach’s Capital Assets
(net of depreciation)**

Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 2,343,012	\$ 2,343,012	\$ -	\$ -	\$ 2,343,012	\$ 2,343,012
Construction in progress	3,986,241	434,028	308,840	308,840	4,295,081	742,868
Total non-depreciable assets	<u>6,329,253</u>	<u>2,777,040</u>	<u>308,840</u>	<u>308,840</u>	<u>6,638,093</u>	<u>3,085,880</u>
Building and systems	5,319,952	5,500,216	2,421,400	2,395,082	7,741,352	7,895,298
Improvements other than buildings	409,093	397,328	1,075,208	1,146,952	1,484,301	1,544,280
Machinery and equipment	930,071	994,654	337,888	390,687	1,267,959	1,385,341
Vehicles and motorized equipment	1,555,124	1,383,164	71,607	90,762	1,626,731	1,473,926
Total assets being depreciated, net	<u>8,214,240</u>	<u>8,275,362</u>	<u>3,906,103</u>	<u>4,023,483</u>	<u>12,120,343</u>	<u>12,298,845</u>
Total capital assets, net	<u>\$ 14,543,493</u>	<u>\$ 11,052,402</u>	<u>\$ 4,214,943</u>	<u>\$ 4,332,323</u>	<u>\$ 18,758,436</u>	<u>\$ 15,384,725</u>

Government-Wide Capital Assets June 30, 2020



Additional information on the Town's capital assets can be found in Note 3A on pages 37-38 of the basic financial statements.

Long-Term Debt. As of June 30, 2020, the Town of Wrightsville Beach had \$1,714,286 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 3B on pages 53-54 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 \$211,886,734.

Additional information regarding the Town of Wrightsville Beach's long-term liabilities can be found in Note 1E on pages 31-32 and in Note 3B on pages 53-54 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 2020 estimated unemployment rate for New Hanover County 7.2% compared to the State's unemployment rate of 7.5%, with Covid19 impacting the economy greatly.
- Covid19 led to economic impacts affecting sales tax, parking, recreation fees and tourism, with revenues decreased 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 for "Best Online Bachelor's Programs for Veterans" and 95th overall on a list of "Top 100 Public Nation Universities for 2021". UNCW was also ranked 77th by the publication for "2021 Best Graduate Schools." 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, 2021

Governmental Activities. The Town's tax rate remains consistent with fiscal year 2019 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, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 18,517,289	\$ 7,690,991	\$ 26,208,280
Taxes receivable, net	27,708	-	27,708
Accounts receivable, net	408,259	660,854	1,069,113
Due from other governments	403,012	21,766	424,778
Inventories	29,003	82,514	111,517
Prepays	3,009	-	3,009
Cash and cash equivalents, restricted	111,380	-	111,380
Total current assets	<u>19,499,660</u>	<u>8,456,125</u>	<u>27,955,785</u>
Non current assets:			
Land, non-depreciable improvements, and construction in progress	6,329,253	308,840	6,638,093
Other capital assets, net of depreciation	8,214,240	3,906,103	12,120,343
Total non current assets	<u>14,543,493</u>	<u>4,214,943</u>	<u>18,758,436</u>
Total assets	<u>34,043,153</u>	<u>12,671,068</u>	<u>46,714,221</u>
Deferred Outflows of Resources:			
OPEB deferrals	133,077	10,016	143,093
Pension deferrals	1,097,986	28,662	1,126,648
Total deferred outflows of resources	<u>1,231,063</u>	<u>38,678</u>	<u>1,269,741</u>
Liabilities:			
Current liabilities:			
Accounts payable	566,996	121,778	688,774
Accrued liabilities	198,858	-	198,858
Accrued interest payable	19,205	-	19,205
Compensated absences, due in one year	278,293	6,983	285,276
Notes payable, due in one year	428,571	-	428,571
Total current liabilities	<u>1,491,923</u>	<u>128,761</u>	<u>1,620,684</u>
Long-term liabilities:			
Net pension liability - LGERS	1,603,171	49,583	1,652,754
Total pension liability - LEO	625,935	-	625,935
Total OPEB liability	5,124,558	385,719	5,510,277
Due in more than one year	1,334,825	1,232	1,336,057
Total long-term liabilities	<u>8,688,489</u>	<u>436,534</u>	<u>9,125,023</u>
Total liabilities	<u>10,180,412</u>	<u>565,295</u>	<u>10,745,707</u>
Deferred Inflows of Resources:			
OPEB deferrals	360,652	27,146	387,798
Pension deferrals	72,423	1,374	73,797
Total deferred inflows of resources	<u>433,075</u>	<u>28,520</u>	<u>461,595</u>
Net Position:			
Net investment in capital assets	12,829,207	4,214,943	17,044,150
Restricted for:			
Stabilization by state statute	811,271	-	811,271
Streets - Powell Bill	111,380	-	111,380
Public safety	110	-	110
Unrestricted	10,908,761	7,900,988	18,809,749
Total net position	<u>\$ 24,660,729</u>	<u>\$ 12,115,931</u>	<u>\$ 36,776,660</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, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,464,626	\$ 61,400	\$ 623,242	\$ -
Public safety	5,986,336	3,949,598	2,701	110,470
Transportation	563,395	-	-	66,213
Environmental protection	1,044,375	1,024,543	-	-
Culture and recreation	651,706	117,188	-	255,000
Interest and fees	43,535	-	-	-
Total governmental activities	<u>10,753,973</u>	<u>5,152,729</u>	<u>625,943</u>	<u>431,683</u>
Business-Type Activities:				
Water and sewer	<u>3,055,861</u>	<u>3,523,867</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 13,809,834</u>	<u>\$ 8,676,596</u>	<u>\$ 625,943</u>	<u>\$ 431,683</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, 2020

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (1,779,984)	\$ -	\$ (1,779,984)
Public safety	(1,923,567)	-	(1,923,567)
Transportation	(497,182)	-	(497,182)
Environmental protection	(19,832)	-	(19,832)
Culture and recreation	(279,518)	-	(279,518)
Interest and fees	(43,535)	-	(43,535)
Total governmental activities	<u>(4,543,618)</u>	<u>-</u>	<u>(4,543,618)</u>
Business-Type Activities:			
Water and sewer	<u>-</u>	<u>468,006</u>	<u>468,006</u>
Total primary government	<u>(4,543,618)</u>	<u>468,006</u>	<u>(4,075,612)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	3,405,573	-	3,405,573
Other taxes	751,674	-	751,674
Grants and contributions not restricted to specific programs	2,321,793	-	2,321,793
Investment earnings	150,390	70,140	220,530
Miscellaneous	432,793	-	432,793
Total general revenues, excluding transfers	<u>7,062,223</u>	<u>70,140</u>	<u>7,132,363</u>
Transfers	<u>750,000</u>	<u>(750,000)</u>	<u>-</u>
Total general revenues and transfers	<u>7,812,223</u>	<u>(679,860)</u>	<u>7,132,363</u>
Change in net position	3,268,605	(211,854)	3,056,751
Net Position:			
Beginning of year - July 1	<u>21,392,124</u>	<u>12,327,785</u>	<u>33,719,909</u>
End of year - June 30	<u>\$ 24,660,729</u>	<u>\$ 12,115,931</u>	<u>\$ 36,776,660</u>

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Capital Reserve Fund	Salisbury Ocean Access Park Fund	Nonmajor Funds	
Assets:					
Cash and cash equivalents	\$ 13,075,326	\$ 4,753,580	\$ 238,773	\$ 449,610	\$ 18,517,289
Accounts receivable, net	408,259	-	-	-	408,259
Taxes receivable, net	27,708	-	-	-	27,708
Due from other governments	381,765	-	17,872	3,375	403,012
Prepays	3,009	-	-	-	3,009
Inventory	29,003	-	-	-	29,003
Cash and cash equivalents, restricted	111,380	-	-	-	111,380
Total assets	<u>\$ 14,036,450</u>	<u>\$ 4,753,580</u>	<u>\$ 256,645</u>	<u>\$ 452,985</u>	<u>\$ 19,499,660</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 146,029	\$ -	\$ 420,967	\$ -	\$ 566,996
Accrued liabilities	198,858	-	-	-	198,858
Total liabilities	<u>344,887</u>	<u>-</u>	<u>420,967</u>	<u>-</u>	<u>765,854</u>
Deferred Inflows of Resources:					
Property taxes receivable	<u>27,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,708</u>
Fund Balances:					
Non-spendable:					
Inventory	29,003	-	-	-	29,003
Prepays	3,009	-	-	-	3,009
Restricted:					
Stabilization by state statute	790,024	-	17,872	3,375	811,271
Streets - Powell Bill	111,380	-	-	-	111,380
Public safety	-	-	-	110	110
Committed:					
General government	-	4,753,580	-	59,500	4,813,080
Public safety	-	-	-	390,000	390,000
Unassigned	12,730,439	-	(182,194)	-	12,548,245
Total fund balances	<u>13,663,855</u>	<u>4,753,580</u>	<u>(164,322)</u>	<u>452,985</u>	<u>18,706,098</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,036,450</u>	<u>\$ 4,753,580</u>	<u>\$ 256,645</u>	<u>\$ 452,985</u>	

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balance, governmental funds	\$ 18,706,098
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	14,543,493
Liabilities for earned property tax revenues considered deferred inflows of resources in the fund statements.	27,708
Net pension liability - LGERS	(1,603,171)
Total pension liability - LEO	(625,935)
Pension related inflow deferrals	(72,423)
Pension related outflow deferrals	1,097,986
Total OPEB liability	(5,124,558)
OPEB related inflow deferrals	(360,652)
OPEB related outflow deferrals	133,077
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>(2,060,894)</u>
Net position of governmental activities	<u>\$ 24,660,729</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, 2020

	Major Funds				Total Governmental Funds
	General Fund	Capital Reserve Fund	Salisbury Ocean Access Park Fund	Nonmajor Funds	
Revenues:					
Ad valorem taxes	\$ 3,403,348	\$ -	\$ -	\$ -	\$ 3,403,348
Other taxes and licenses	751,674	-	-	-	751,674
Unrestricted intergovernmental	2,321,793	-	-	-	2,321,793
Restricted intergovernmental	692,156	-	-	110,470	802,626
Permits and fees	567,276	-	-	-	567,276
Sales and services	4,585,453	-	-	-	4,585,453
Investment earnings	112,700	21,090	16,011	589	150,390
Miscellaneous	432,793	-	255,000	-	687,793
Total revenues	<u>12,867,193</u>	<u>21,090</u>	<u>271,011</u>	<u>111,059</u>	<u>13,270,353</u>
Expenditures:					
Current:					
General government	2,428,452	-	-	14,050	2,442,502
Public safety	5,534,186	-	-	45,180	5,579,366
Transportation	706,391	-	-	-	706,391
Environmental protection	963,558	-	-	-	963,558
Culture and recreation	609,662	-	3,542,614	-	4,152,276
Debt service:					
Principal	428,569	-	-	-	428,569
Interest	48,657	-	-	-	48,657
Total expenditures	<u>10,719,475</u>	<u>-</u>	<u>3,542,614</u>	<u>59,230</u>	<u>14,321,319</u>
Revenues over (under) expenditures	<u>2,147,718</u>	<u>21,090</u>	<u>(3,271,603)</u>	<u>51,829</u>	<u>(1,050,966)</u>
Other Financing Sources (Uses):					
Transfer from:					
General Fund	-	1,137,250	904,324	-	2,041,574
Capital Project Fund	582,000	-	-	390,000	972,000
Enterprise Fund	-	-	750,000	-	750,000
Transfer to:					
General Fund	-	(582,000)	-	-	(582,000)
Capital Project Funds	(2,041,574)	(390,000)	-	-	(2,431,574)
Total other financing sources (uses)	<u>(1,459,574)</u>	<u>165,250</u>	<u>1,654,324</u>	<u>390,000</u>	<u>750,000</u>
Net change in fund balances	688,144	186,340	(1,617,279)	441,829	(300,966)
Fund Balances:					
Beginning of year - July 1	<u>12,975,711</u>	<u>4,567,240</u>	<u>1,452,957</u>	<u>11,156</u>	<u>19,007,064</u>
End of year - June 30	<u>\$ 13,663,855</u>	<u>\$ 4,753,580</u>	<u>\$ (164,322)</u>	<u>\$ 452,985</u>	<u>\$ 18,706,098</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, 2020**

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)	\$ (300,966)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	2,225
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(70,217)
Pension expense - LGERS	(331,226)
Pension expense - LEO	(40,479)
OPEB plan expense	84,486
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.	428,569
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.	4,224,146
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis.	(11,021)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(722,034)
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>5,122</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 3,268,605</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, 2020**

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 3,359,000	\$ 3,359,000	\$ 3,403,348	\$ 44,348
Other taxes and licenses	605,101	1,195,101	751,674	(443,427)
Unrestricted intergovernmental	2,136,000	2,136,000	2,321,793	185,793
Restricted intergovernmental	73,150	108,150	692,156	584,006
Permits and fees	251,700	251,700	567,276	315,576
Sales and services	4,558,500	4,578,500	4,585,453	6,953
Investment earnings	50,000	50,000	112,700	62,700
Miscellaneous	105,000	105,000	432,793	327,793
Total revenues	<u>11,138,451</u>	<u>11,783,451</u>	<u>12,867,193</u>	<u>1,083,742</u>
Expenditures:				
Current:				
General government	2,073,596	2,513,096	2,428,452	84,644
Public safety	5,525,917	5,697,417	5,534,186	163,231
Transportation	956,157	848,157	706,391	141,766
Environmental protection	1,024,169	958,169	963,558	(5,389)
Culture and recreation	715,725	711,725	609,662	102,063
Debt service:				
Principal	428,572	428,569	428,569	-
Interest	48,800	48,803	48,657	146
Total expenditures	<u>10,772,936</u>	<u>11,205,936</u>	<u>10,719,475</u>	<u>486,461</u>
Revenues over (under) expenditures	<u>365,515</u>	<u>577,515</u>	<u>2,147,718</u>	<u>1,570,203</u>
Other Financing Sources (Uses):				
Transfer from:				
Capital Project Fund	485,000	582,000	582,000	-
Transfer to:				
Capital Project Funds	(1,032,250)	(1,936,574)	(2,041,574)	(105,000)
Appropriated fund balance	181,735	777,059	-	(777,059)
Total other financing sources (uses)	<u>(365,515)</u>	<u>(577,515)</u>	<u>(1,459,574)</u>	<u>(882,059)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	688,144	<u>\$ 688,144</u>
Fund Balance:				
Beginning of year - July 1			<u>12,975,711</u>	
End of year - June 30			<u>\$ 13,663,855</u>	

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, 2020

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,690,991
Accounts receivable, net	660,854
Due from other governments	21,766
Inventories	82,514
Total current assets	<u>8,456,125</u>
Non-current assets:	
Capital assets:	
Land, non-depreciable improvements and construction in progress	308,840
Other capital assets, net of depreciation	<u>3,906,103</u>
Total non-current assets	<u>4,214,943</u>
Total assets	<u>12,671,068</u>
Deferred Outflows of Resources:	
OPEB deferrals	10,016
Pension deferrals	<u>28,662</u>
Total deferred outflows of resources	<u>38,678</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	121,778
Current portion of long term liabilities	<u>6,983</u>
Total current liabilities	<u>128,761</u>
Non-current liabilities:	
Due in more than one year	1,232
Net pension liability	49,583
Total OPEB liability	<u>385,719</u>
Total non-current liabilities	<u>436,534</u>
Total liabilities	<u>565,295</u>
Deferred Inflows of Resources:	
OPEB deferrals	27,146
Pension deferrals	<u>1,374</u>
Total deferred inflows of resources	<u>28,520</u>
Net Position:	
Net investment in capital assets	4,214,943
Unrestricted	<u>7,900,988</u>
Total net position	<u>\$ 12,115,931</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, 2020

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 3,385,243
Taps and connection fees	17,850
Share fees	9,535
Other operating revenues	<u>111,239</u>
Total operating revenues	<u>3,523,867</u>
Operating Expenses:	
Administration	556,598
Water and sewer operations	2,251,173
Depreciation	<u>248,090</u>
Total operating expenses	<u>3,055,861</u>
Operating income (loss)	468,006
Non-Operating Revenues (Expenses):	
Investment earnings	<u>70,140</u>
Income (loss) before transfers	538,146
Transfers in (out)	<u>(750,000)</u>
Change in net position	(211,854)
Net Position:	
Beginning of year - July 1	<u>12,327,785</u>
End of year - June 30	<u>\$ 12,115,931</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, 2020

	<u>Major</u> <u>Water and</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 3,605,965
Cash paid for goods and services	(2,450,203)
Cash paid to employees	(300,764)
Net cash provided (used) by operating activities	<u>854,998</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers to other funds	<u>(750,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	<u>(130,710)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>70,140</u>
Net increase (decrease) in cash, cash equivalents, and investments	44,428
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>7,646,563</u>
End of year - June 30	<u>\$ 7,690,991</u>
Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>\$ 468,006</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	248,090
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	82,098
(Increase) decrease in due from other governments	(28,722)
(Increase) decrease in inventory	17,737
(Increase) decrease in deferred outflows of resources for pensions	(6,128)
Increase (decrease) in net pension liability	20,365
Increase (decrease) in deferred inflows of resources for pensions	106
(Increase) decrease in deferred outflows for OPEB	(1,352)
Increase (decrease) in deferred inflows OPEB	(6,506)
Increase (decrease) in OPEB liability	63,689
Increase (decrease) in accounts payable and accrued liabilities	(8,245)
Increase (decrease) in compensated absences payable	5,860
Total adjustments	<u>386,992</u>
Net cash provided (used) by operating activities	<u>\$ 854,998</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, 2020

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.

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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

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.

Parking Fund. This capital project fund is used to 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.

Fire Pumper Apparatus Fund. This capital project fund is used for the acquisition of a fire pumper truck.

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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

C. Measurement Focus and Basis of Accounting

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

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary 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.

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured 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 purpose 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, 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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:

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

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 property 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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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 for street construction and maintenance expenditures. This amount represents the balance of unspent Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain public safety purposes.

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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

Public Safety – portion of fund balance that has been budgeted by the Board for investment in a fire pumper apparatus.

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

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.

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	\$ 13,663,855
Less:	
Prepays	3,009
Inventory	29,003
Stabilization by state statute	<u>790,024</u>
Total available fund balance	<u><u>\$ 12,841,819</u></u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

2. 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 department and one transfer that were over budget at year end indicating that pre-audit and budget monitoring were not being performed consistently.

Corrective Action Plan: 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, the Salisbury Ocean Acres Park Fund had a deficit fund balance due to a timing difference. This will be corrected in the next fiscal year.

3. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal 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,

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$11,355,737 and a bank balance of \$11,367,534. 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, 2020, the Town's petty cash fund totaled \$1,025.

Investments

At June 30, 2020, the Town had \$14,962,898 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, 2020.

Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ (28,000)
Accounts receivable	(15,892)
Enterprise Fund:	
Accounts receivable	<u>(12,115)</u>
Total	<u>\$ (56,007)</u>

Due from other governments owed to the Town consists of:

Local option sales tax	\$ 338,874
Other	<u>85,904</u>
Total	<u>\$ 424,778</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 2,343,012	\$ -	\$ -	\$ 2,343,012
Construction in progress	434,028	3,552,213	-	3,986,241
Total non-depreciable capital assets	<u>2,777,040</u>	<u>3,552,213</u>	<u>-</u>	<u>6,329,253</u>
Depreciable Capital Assets:				
Buildings	7,453,879	-	-	7,453,879
Other improvements	1,352,994	48,075	-	1,401,069
Equipment	3,591,966	165,085	(1,000)	3,756,051
Vehicles and motorized equipment	3,998,789	458,773	(440,968)	4,016,594
Total depreciable capital assets	<u>16,397,628</u>	<u>671,933</u>	<u>(441,968)</u>	<u>16,627,593</u>
Less Accumulated Depreciation:				
Buildings	1,953,663	180,264	-	2,133,927
Other improvements	955,666	36,310	-	991,976
Equipment	2,597,312	229,668	(1,000)	2,825,980
Vehicles and motorized equipment	2,615,625	275,792	(429,947)	2,461,470
Total accumulated depreciation	<u>8,122,266</u>	<u>\$ 722,034</u>	<u>\$ (430,947)</u>	<u>8,413,353</u>
Total depreciable capital assets, net	<u>8,275,362</u>			<u>8,214,240</u>
Governmental activities capital assets, net	<u>\$ 11,052,402</u>			<u>\$ 14,543,493</u>

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

General government	\$ 150,298
Public safety	411,272
Transportation	28,908
Environmental protection	59,002
Culture and recreation	72,554
Total	<u>\$ 722,034</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-Type Activities:				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 308,840	\$ -	\$ -	\$ 308,840
Total non-depreciable capital assets	308,840	-	-	308,840
Depreciable Capital Assets:				
Water distribution system	5,627,482	130,710	-	5,758,192
Sewer disposal system	4,010,702	-	-	4,010,702
Equipment	1,062,878	-	-	1,062,878
Vehicles	392,959	-	(24,033)	368,926
Total depreciable capital assets	11,094,021	130,710	(24,033)	11,200,698
Less Accumulated Depreciation:				
Water distribution system	3,232,400	104,392	-	3,336,792
Sewer disposal system	2,863,750	71,744	-	2,935,494
Equipment	672,191	52,799	-	724,990
Vehicles	302,197	19,155	(24,033)	297,319
Total accumulated depreciation	7,070,538	\$ 248,090	\$ (24,033)	7,294,595
Total depreciable capital assets, net	4,023,483			3,906,103
Business-type activities capital assets, net	\$ 4,332,323			\$ 4,214,943

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, 2020

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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$362,714 for the year ended June 30, 2020.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

At June 30, 2020, the Town reported a liability of \$1,652,754 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town’s proportion was 0.06052%, which was a decrease of 0.00106% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$708,283. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 282,993	\$ -
Changes of assumptions	269,371	-
Net difference between projected and actual earnings on pension plan investments	40,313	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	45,820
Town contributions subsequent to the measurement date	362,714	-
Total	\$ 955,391	\$ 45,820

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The \$362,714 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, 2021. 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
2021	\$ 269,176
2022	82,665
2023	153,581
2024	41,435
2025	-
Thereafter	-
Total	<u>\$ 546,857</u>

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

Inflation	3.0 percent
Salary 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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>\$ 3,780,151</u>	<u>\$ 1,652,754</u>	<u>\$ (115,544)</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, 2018, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>22</u>
Total	<u>26</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2018 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	3.26 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, 2020

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 \$63,006 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$625,935. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 measurement date utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$77,741.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,474	\$ 10,188
Changes in assumptions	31,280	17,789
Town benefit payments and plan administrative expense made subsequent to the measurement date	31,503	-
Total	\$ 171,257	\$ 27,977

\$31,503 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, 2021. 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
2021	\$ 30,576
2022	30,576
2023	30,401
2024	12,064
2025	8,160
Thereafter	-
Total	\$ 111,777

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease <u>(2.26%)</u>	Current Discount Rate <u>(3.26%)</u>	1% Increase <u>(4.26%)</u>
Total pension liability	\$ <u>675,028</u>	\$ <u>625,935</u>	\$ <u>580,957</u>

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

	<u>2020</u>
Beginning balance	\$ 547,166
Service cost	28,030
Interest on the total pension liability	18,770
Differences between expected and actual experience in the measurement of the total pension liability	77,412
Changes of assumptions or other inputs	17,563
Benefit payments	<u>(63,006)</u>
Ending balance of the total pension liability	<u>\$ 625,935</u>

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study 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, 2020

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:

	LGERS	LEOSSA	Total
Pension expense	\$ 708,283	\$ 77,741	\$ 786,024
Pension liability	\$ 1,652,754	\$ 625,935	\$ 2,278,689
Proportionate share of the net pension liability	.06052%	NA	-

Deferred Outflows of Resources	LGERS	LEOSSA	Total
Differences between expected and actual experience	\$ 282,993	\$ 108,474	\$ 391,467
Changes of assumptions and other inputs	269,371	31,280	300,651
Net difference between projected and actual earnings on pension plan investments	40,313	-	40,313
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	362,714	31,503	394,217
Total deferred outflows of resources	\$ 955,391	\$ 171,257	\$ 1,126,648

Deferred Inflows of Resources			
Differences between expected and actual experience	\$	-	\$ 10,188
Changes of assumptions and other inputs		-	17,789
Changes in proportion and differences between Town contributions and proportionate share of contributions		45,820	45,820
Total deferred inflows of resources	\$	45,820	\$ 73,797

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 North Carolina. The State's CAFR includes the Pension Trust Fund financial statements for

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$133,724 for the reporting year. No amounts were forfeited.

Contributions for law enforcement officers for the year ended June 30, 2020, were \$94,908 which consisted of \$64,890 from the Town and \$30,018 voluntary contributions from the law enforcement officers. Contributions for all other employees were \$181,071, which consisted of \$68,834 from the Town and \$112,237 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 \$1,228 per month for dependent coverage under the PPO plan and \$1,106 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.

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	25
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>24</u>
Total	<u><u>49</u></u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Total OPEB Liability

The Town’s total OPEB liability of \$5,510,277 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases:	
General and firefighters	3.50% - 7.75%, including wage inflation
Law enforcement officers	3.50% - 7.35%, including wage inflation
Discount rate	3.50 percent
Healthcare cost trend rates	7% for 2019 decreasing to an ultimate rate of 4.5% by 2026
	Medicare - 5.00 % for 2019 decreasing to an ultimate rate of 4.50% by 2021

The Town selected a municipal bond index rate equal to the Bond Buyer 20-Year General Obligation Bond Index published at the last Thursday of June by the Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the total OPEB liability.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	<u>\$ 5,367,162</u>
Changes for the Year:	
Service cost	105,161
Interest on TOL and cash flows	206,179
Differences between expected and actual experience	2,634
Changes of assumptions or other inputs	(35,730)
Benefit payments	<u>(135,129)</u>
Net changes	<u>143,115</u>
Balance at June 30, 2020	<u><u>\$ 5,510,277</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS board.

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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.5%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	<u>\$ 6,552,341</u>	<u>\$ 5,510,277</u>	<u>\$ 4,693,642</u>

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	<u>\$ 4,658,300</u>	<u>\$ 5,510,277</u>	<u>\$ 6,605,398</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$103,279. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,890	\$ 3,348
Changes of assumptions and other inputs	-	384,450
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>141,203</u>	<u>-</u>
Total	<u>\$ 143,093</u>	<u>\$ 387,798</u>

\$141,203 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, 2021. 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
2021	\$ (208,061)
2022	(139,875)
2023	(37,972)
2024	-
2025	-
Thereafter	<u>-</u>
Total	<u>\$ (385,908)</u>

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. The Hartford 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	\$ 1,126,648	\$ 73,797
OPEB deferrals	143,093	387,798
Taxes receivable, net (General Fund Balance Sheet)	-	27,708
Total	<u>\$ 1,269,741</u>	<u>\$ 489,303</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in 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 \$5 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 "AE" area (an area close to water) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure (plus additional for contents) 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, 2020, 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.

Long-Term Obligations

General Obligation Indebtedness. At June 30, 2020, the Town had no general obligation bonds outstanding, no unissued bonds, and a legal debt margin of \$211,886,734.

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, 2020, was \$1,714,286.

The Town's outstanding installment loan from direct placements related to governmental activities of \$1,714,286 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.

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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
2021	\$ 428,571	\$ 38,411	\$ 466,982
2022	428,571	28,168	456,739
2023	428,571	17,925	446,496
2024	<u>428,573</u>	<u>7,683</u>	<u>436,256</u>
Total	<u>\$ 1,714,286</u>	<u>\$ 92,187</u>	<u>\$ 1,806,473</u>

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, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental Activities:					
Direct placement installment loan	\$ 2,142,855	\$ -	\$ 428,569	\$ 1,714,286	\$ 428,571
Compensated absences	257,186	175,760	105,543	327,403	278,293
Total OPEB liability	5,045,132	245,159	165,733	5,124,558	-
Net pension liability (LGERS)	1,431,670	171,501	-	1,603,171	-
Total pension liability (LEO)	<u>547,166</u>	<u>78,769</u>	<u>-</u>	<u>625,935</u>	<u>-</u>
Total	<u>\$ 9,424,009</u>	<u>\$ 671,189</u>	<u>\$ 699,845</u>	<u>\$ 9,395,353</u>	<u>\$ 706,864</u>

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Business-Type Activities:					
Compensated absences	\$ 2,355	\$ 6,742	\$ 882	\$ 8,215	\$ 6,983
Total OPEB liability	322,030	68,815	5,126	385,719	-
Net pension liability (LGERS)	<u>29,218</u>	<u>20,365</u>	<u>-</u>	<u>49,583</u>	<u>-</u>
Total	<u>\$ 353,603</u>	<u>\$ 95,922</u>	<u>\$ 6,008</u>	<u>\$ 443,517</u>	<u>\$ 6,983</u>

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

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020, is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 14,543,493	\$ 4,214,943
Long-term debt	1,714,286	-
Total	<u>\$ 12,829,207</u>	<u>\$ 4,214,943</u>

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2020, consist of the following:

From the General Fund to the Major Capital Reserve Fund for future capital purchases	\$ 1,137,250
From the General Fund to the Major Capital Project Fund - Salisbury Ocean Access Park Projec for future capital purchases	904,324
From the Major Capital Reserve Fund to the General Fund for capital purchases	582,000
From the Major Capital Reserve Fund to the Capital Project Fund to fund projects	390,000
From Water and Sewer Fund to the Major Capital Project Fund - Salisbury Ocean Access Park Project to fund projects	<u>750,000</u>
	<u>\$ 3,763,574</u>

Intrafund Transfers:

Transfer from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund for future projects	<u>\$ 235,000</u>
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TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

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

5. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact Town revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

In July 2020, the Town purchased a new fire truck for approximately \$1,233,000. The Town obtained bank financing for \$850,000 of the purchase price and used existing funds for the remainder. The installment loan will be repaid over five years.

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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 FOUR FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 547,166	\$ 585,438	\$ 465,289	\$ 480,104
Service cost	28,030	30,909	27,876	30,481
Interest on the total pension liability	18,770	17,692	16,994	16,246
Differences between expected and actual experience in the measurement of the total pension liability	77,412	(15,452)	91,195	(11,481)
Changes of assumptions or other inputs	17,563	(20,282)	34,145	-
Benefit payments	<u>(63,006)</u>	<u>(51,139)</u>	<u>(50,061)</u>	<u>(50,061)</u>
Net changes	<u>78,769</u>	<u>(38,272)</u>	<u>120,149</u>	<u>(14,815)</u>
Ending balance of the total pension liability	<u>\$ 625,935</u>	<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 FOUR FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 625,935	\$ 547,166	\$ 585,438	\$ 465,289
Covered payroll	1,197,663	1,176,783	1,211,367	1,250,644
Total pension liability as a percentage of covered payroll	52.26%	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 THREE FISCAL YEARS**

Other Post-Employment Benefits			
	2020	2019	2018
Balance at July 1, 2019	\$ 5,367,162	\$ 5,505,378	\$ 5,895,232
Changes for the year:			
Service cost	105,161	112,706	129,778
Interest on the total OPEB liability	206,179	193,672	175,651
Differences between expected and actual experience	2,634	(2,689)	(5,661)
Changes of assumptions or other inputs	(35,730)	(310,454)	(569,438)
Benefit payments	(135,129)	(131,451)	(120,184)
Net changes	143,115	(138,216)	(389,854)
Balance at June 30, 2020	\$ 5,510,277	\$ 5,367,162	\$ 5,505,378
Covered payroll	\$ 1,454,025	\$ 1,561,470	\$ 1,561,470
Total OPEB liability as a percentage of covered payroll	378.97%	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.

Fiscal Year	Rate
2018	3.56%
2019	3.89%
2020	3.50%

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

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

Local Governmental Employees' Retirement System							
	2020	2019	2018	2017	2016	2015	2014
Town of Wrightsville Beach's proportion of the net pension liability (asset) (%)	0.06052%	0.06158%	0.06207%	0.06221%	0.07508%	0.07400%	0.08200%
Town of Wrightsville Beach's proportion of the net pension liability (asset) (\$)	\$ 1,652,754	\$ 1,652,754	\$ 948,258	\$ 1,320,304	\$ 336,955	\$ (436,412)	\$ 988,415
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	\$ 3,855,960
Town of Wrightsville Beach's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.38%	43.15%	25.64%	36.49%	8.60%	(11.52%)	25.63%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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 SEVEN FISCAL YEARS

Local Governmental Employees' Retirement System							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 362,714	\$ 313,094	\$ 298,341	\$ 280,389	\$ 246,509	\$ 281,182	\$ 270,567
Contributions in relation to the contractually required contribution	<u>362,714</u>	<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>	<u>\$ -</u>
Town of Wrightsville Beach's covered payroll	\$ 3,925,994	\$ 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	9.24%	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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year	\$ 3,348,000	\$ 3,388,192	\$ 40,192	\$ 3,396,588
Prior year	4,000	7,761	3,761	3,192
Penalties and interest	7,000	7,395	395	7,050
Total	<u>3,359,000</u>	<u>3,403,348</u>	<u>44,348</u>	<u>3,406,830</u>
Other Taxes and Licenses:				
Privilege licenses	1,000	3,400	2,400	3,600
Room occupancy tax	1,143,101	656,364	(486,737)	553,100
Other licenses	<u>51,000</u>	<u>91,910</u>	<u>40,910</u>	<u>91,211</u>
Total	<u>1,195,101</u>	<u>751,674</u>	<u>(443,427)</u>	<u>647,911</u>
Unrestricted Intergovernmental:				
Local option sales tax	1,165,000	1,325,400	160,400	1,320,239
Beer and wine tax	11,000	10,774	(226)	10,815
Franchise tax	350,000	334,377	(15,623)	363,836
Video program tax	90,000	52,620	(37,380)	60,662
ABC profit distribution	<u>520,000</u>	<u>598,622</u>	<u>78,622</u>	<u>570,251</u>
Total	<u>2,136,000</u>	<u>2,321,793</u>	<u>185,793</u>	<u>2,325,803</u>
Restricted Intergovernmental:				
County grants	40,000	355,000	315,000	7,000
State grants	66,500	66,213	(287)	66,795
Federal grants	-	268,836	268,836	415,168
State tax drug money	-	201	201	983
Solid waste disposal tax	<u>1,650</u>	<u>1,906</u>	<u>256</u>	<u>1,753</u>
Total	<u>108,150</u>	<u>692,156</u>	<u>584,006</u>	<u>491,699</u>
Permits and Fees:				
Permits and fees	204,200	513,321	309,121	583,357
Court fees and fines	<u>47,500</u>	<u>53,955</u>	<u>6,455</u>	<u>47,204</u>
Total	<u>251,700</u>	<u>567,276</u>	<u>315,576</u>	<u>630,561</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Sales and Services:				
Parking meter collections	3,283,500	3,382,322	98,822	3,520,711
Rents	61,000	61,400	400	60,102
Refuse fees	1,000,000	1,024,543	24,543	1,031,805
Recreation fees	234,000	117,188	(116,812)	206,209
Total	4,578,500	4,585,453	6,953	4,818,827
Investment Earnings	50,000	112,700	62,700	161,938
Miscellaneous Revenues	105,000	432,793	327,793	671,520
Total revenues	11,783,451	12,867,193	1,083,742	13,155,089
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	36,860	37,702	(842)	36,897
Operating expenditures	194,310	182,771	11,539	248,404
Total	231,170	220,473	10,697	285,301
General Management:				
Salaries and employee benefits	324,774	326,962	(2,188)	304,658
Operating expenditures	508,014	467,454	40,560	499,771
Total	832,788	794,416	38,372	804,429
Information Technology:				
Salaries and employee benefits	75,226	75,298	(72)	72,170
Operating expenditures	203,225	203,574	(349)	246,712
Capital outlay	37,300	61,854	(24,554)	38,649
Total	315,751	340,726	(24,975)	357,531

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Public Works Administration:				
Salaries and employee benefits	211,939	208,818	3,121	207,170
Operating expenditures	60,408	52,250	8,158	74,694
Capital outlay	122,100	124,893	(2,793)	17,722
Total	<u>394,447</u>	<u>385,961</u>	<u>8,486</u>	<u>299,586</u>
Public Works Maintenance:				
Salaries and employee benefits	255,457	257,316	(1,859)	258,458
Operating expenditures	483,483	429,560	53,923	401,143
Total	<u>738,940</u>	<u>686,876</u>	<u>52,064</u>	<u>659,601</u>
Total general government	<u>2,513,096</u>	<u>2,428,452</u>	<u>84,644</u>	<u>2,406,448</u>
Public Safety:				
Police:				
Salaries and employee benefits	2,014,841	1,970,811	44,030	1,808,493
Operating expenditures	432,176	426,082	6,094	411,630
Capital outlay	211,000	208,163	2,837	91,865
Total	<u>2,658,017</u>	<u>2,605,056</u>	<u>52,961</u>	<u>2,311,988</u>
Parking:				
Operating expenditures	776,000	765,593	10,407	853,370
Capital outlay	-	-	-	42,062
Total	<u>776,000</u>	<u>765,593</u>	<u>10,407</u>	<u>895,432</u>
Ocean Rescue:				
Salaries and employee benefits	292,000	286,125	5,875	293,056
Operating expenditures	70,975	51,499	19,476	56,242
Capital outlay	5,800	5,198	602	5,500
Total	<u>368,775</u>	<u>342,822</u>	<u>25,953</u>	<u>354,798</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Fire:				
Salaries and employee benefits	1,058,359	1,039,135	19,224	1,068,475
Operating expenditures	180,214	189,109	(8,895)	170,676
Capital outlay	230,000	204,200	25,800	14,961
Total	<u>1,468,573</u>	<u>1,432,444</u>	<u>36,129</u>	<u>1,254,112</u>
Planning and Inspections:				
Salaries and employee benefits	288,300	266,864	21,436	268,446
Operating expenditures	105,752	90,369	15,383	97,309
Capital outlay	32,000	31,038	962	-
Total	<u>426,052</u>	<u>388,271</u>	<u>37,781</u>	<u>365,755</u>
Total public safety	<u>5,697,417</u>	<u>5,534,186</u>	<u>163,231</u>	<u>5,182,085</u>
Transportation:				
Streets:				
Salaries and employee benefits	245,960	227,011	18,949	222,912
Operating expenditures	592,197	479,380	112,817	322,507
Capital outlay	10,000	-	10,000	245,213
Total	<u>848,157</u>	<u>706,391</u>	<u>141,766</u>	<u>790,632</u>
Environmental Protection:				
Sanitation:				
Salaries and employee benefits	374,535	372,020	2,515	368,547
Operating expenditures	403,634	406,322	(2,688)	404,933
Capital outlay	180,000	185,216	(5,216)	111,056
Total	<u>958,169</u>	<u>963,558</u>	<u>(5,389)</u>	<u>884,536</u>
Culture and Recreation:				
Parks and Recreation Programs:				
Salaries and employee benefits	183,943	171,464	12,479	188,300
Operating expenditures	97,045	84,569	12,476	156,312
Total	<u>280,988</u>	<u>256,033</u>	<u>24,955</u>	<u>344,612</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Parks and Recreation Maintenance:				
Salaries and employee benefits	175,852	165,571	10,281	159,641
Operating expenditures	199,585	140,618	58,967	100,126
Capital outlay	55,300	47,440	7,860	15,922
Total	<u>430,737</u>	<u>353,629</u>	<u>77,108</u>	<u>275,689</u>
Total culture and recreation	<u>711,725</u>	<u>609,662</u>	<u>102,063</u>	<u>620,301</u>
Debt Service:				
Principal	428,569	428,569	-	428,572
Interest	48,803	48,657	146	58,896
Total debt service	<u>477,372</u>	<u>477,226</u>	<u>146</u>	<u>487,468</u>
Total expenditures	<u>11,205,936</u>	<u>10,719,475</u>	<u>486,461</u>	<u>10,371,470</u>
Revenues over (under) expenditures	<u>577,515</u>	<u>2,147,718</u>	<u>1,570,203</u>	<u>2,783,619</u>
Other Financing Sources (Uses):				
Transfer from:				
Capital Reserve Fund	582,000	582,000	-	513,308
Transfer to:				
Capital Reserve Fund	(1,032,250)	(1,137,250)	(105,000)	(1,096,000)
Capital Project Funds	(904,324)	(904,324)	-	(261,500)
Enterprise Fund	-	-	-	(500,000)
Appropriated fund balance	<u>777,059</u>	<u>-</u>	<u>(777,059)</u>	<u>-</u>
Total other financing sources (uses)	<u>(577,515)</u>	<u>(1,459,574)</u>	<u>(882,059)</u>	<u>(1,344,192)</u>
Net change in fund balance	<u>\$ -</u>	<u>688,144</u>	<u>\$ 688,144</u>	<u>1,439,427</u>
Fund Balance:				
Beginning of year - July 1		<u>12,975,711</u>		<u>11,536,284</u>
End of year - June 30		<u>\$ 13,663,855</u>		<u>\$ 12,975,711</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 21,090	\$ 21,090	\$ 2,077
Other Financing Sources (Uses):				
Transfer to the General Fund	(582,000)	(582,000)	-	(513,308)
Transfer from the General Fund	1,032,250	1,137,250	105,000	1,096,000
Transfer to Capital Project Fund	(390,000)	(390,000)	-	-
Transfers out	(60,250)	-	60,250	-
Total other financing sources (uses)	-	165,250	165,250	582,692
Net change in fund balance	\$ -	186,340	\$ 186,340	584,769
Fund Balance:				
Beginning of year - July 1		4,567,240		3,982,471
End of year - June 30		\$ 4,753,580		\$ 4,567,240

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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, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
NHC grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
CAMA grant	187,500	-	-	-	(187,500)
Donations	1,000,000	753,000	255,000	1,008,000	8,000
Investment earnings	15,000	10,796	16,011	26,807	11,807
Total revenues	<u>1,702,500</u>	<u>763,796</u>	<u>271,011</u>	<u>1,034,807</u>	<u>(667,693)</u>
Expenditures:					
Contracted services	<u>4,329,474</u>	<u>283,489</u>	<u>3,542,614</u>	<u>3,826,103</u>	<u>503,371</u>
Revenues over (under) expenditures	<u>(2,626,974)</u>	<u>480,307</u>	<u>(3,271,603)</u>	<u>(2,791,296)</u>	<u>(164,322)</u>
Other Financing Sources (Uses):					
Transfer from the General Fund	1,165,824	261,500	904,324	1,165,824	-
Transfer from the Enterprise Fund	1,132,000	382,000	750,000	1,132,000	-
Transfer from the Capital Reserve Fund	<u>329,150</u>	<u>329,150</u>	<u>-</u>	<u>329,150</u>	<u>-</u>
Total other financing sources (uses)	<u>2,626,974</u>	<u>972,650</u>	<u>1,654,324</u>	<u>2,626,974</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,452,957</u>	<u>\$ (1,617,279)</u>	<u>\$ (164,322)</u>	<u>\$ (164,322)</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	<u>IT Fund</u>	<u>FMA Program Fund</u>	<u>Parking Fund</u>	<u>Coral Drive Sidewalk Fund</u>
Assets:				
Cash and cash equivalents	\$ 4,470	\$ 110	\$ 4,038	\$ 32,337
Due from other governments	<u>3,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,845</u>	<u>\$ 110</u>	<u>\$ 4,038</u>	<u>\$ 32,337</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	\$ 3,375	\$ -	\$ -	\$ -
Public safety	-	110	-	-
Committed:				
General government	4,470	-	4,038	32,337
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 7,845</u>	<u>\$ 110</u>	<u>\$ 4,038</u>	<u>\$ 32,337</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	CAMA Downtown Facilitates Fund	Fire Pumper Apparatus Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 18,655	\$ 390,000	\$ 449,610
Due from other governments	-	-	3,375
Total assets	<u>\$ 18,655</u>	<u>\$ 390,000</u>	<u>\$ 452,985</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	\$ -	\$ -	\$ 3,375
Public safety	-	-	110
Committed:			
General government	18,655	-	59,500
Public safety	<u>-</u>	<u>390,000</u>	<u>390,000</u>
Total fund balances	<u>\$ 18,655</u>	<u>\$ 390,000</u>	<u>\$ 452,985</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, 2020**

	<u>IT Fund</u>	<u>FMA Program Fund</u>	<u>Parking Fund</u>	<u>Coral Drive Sidewalk Fund</u>
Revenues:				
Interest on investments	\$ 52	\$ -	\$ 60	\$ 293
Grants funds	<u>-</u>	<u>110,470</u>	<u>-</u>	<u>-</u>
Total revenues	<u>52</u>	<u>110,470</u>	<u>60</u>	<u>293</u>
Expenditures:				
Current:				
General government	4,451	-	2,874	2,709
Public safety	<u>-</u>	<u>45,180</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,451</u>	<u>45,180</u>	<u>2,874</u>	<u>2,709</u>
Revenues over (under) expenditures	<u>(4,399)</u>	<u>65,290</u>	<u>(2,814)</u>	<u>(2,416)</u>
Other Financing Sources (Uses):				
Transfers in:				
General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,399)	65,290	(2,814)	(2,416)
Fund Balances:				
Beginning of year - July 1	<u>12,244</u>	<u>(65,180)</u>	<u>6,852</u>	<u>34,753</u>
End of year - June 30	<u>\$ 7,845</u>	<u>\$ 110</u>	<u>\$ 4,038</u>	<u>\$ 32,337</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, 2020**

	CAMA Downtown Facilitates Fund	Fire Pumper Apparatus Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Interest on investments	\$ 184	\$ -	\$ 589
Grants funds	<u>-</u>	<u>-</u>	<u>110,470</u>
Total revenues	<u>184</u>	<u>-</u>	<u>111,059</u>
Expenditures:			
Current:			
General government	4,016	-	14,050
Public safety	<u>-</u>	<u>-</u>	<u>45,180</u>
Total expenditures	<u>4,016</u>	<u>-</u>	<u>59,230</u>
Revenues over (under) expenditures	<u>(3,832)</u>	<u>-</u>	<u>51,829</u>
Other Financing Sources (Uses):			
Transfers in:			
General Fund	<u>-</u>	<u>390,000</u>	<u>390,000</u>
Net change in fund balances	(3,832)	390,000	441,829
Fund Balances:			
Beginning of year - July 1	<u>22,487</u>	<u>-</u>	<u>11,156</u>
End of year - June 30	<u>\$ 18,655</u>	<u>\$ 390,000</u>	<u>\$ 452,985</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

**FLOOD MITIGATION ASSISTANCE (FMA) PROGRAM CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Flood Mitigation Assistance Grant	\$ 523,089	\$ 59,072	\$ 110,470	\$ 169,542	\$ (353,547)
Expenditures:					
Contracted services	523,089	124,252	45,180	169,432	353,657
Net change in fund balance	<u>\$ -</u>	<u>\$ (65,180)</u>	<u>\$ 65,290</u>	<u>\$ 110</u>	<u>\$ 110</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, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 389	\$ 52	\$ 441	\$ 441
Expenditures:					
Capital outlay	177,729	165,874	4,451	170,325	7,404
Revenues over (under) expenditures	(177,729)	(165,485)	(4,399)	(169,884)	7,845
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	\$ -	\$ 12,244	\$ (4,399)	\$ 7,845	\$ 7,845

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, 2020

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>			<u>Variance</u> <u>Over/Under</u>
		<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 183	\$ 60	\$ 243	\$ 243
Expenditures:					
Capital outlay	36,000	29,331	2,874	32,205	3,795
Revenues over (under) expenditures	(36,000)	(29,148)	(2,814)	(31,962)	4,038
Other Financing Sources (Uses):					
Transfer from the General Fund	36,000	36,000	-	36,000	-
Net change in fund balance	\$ -	\$ 6,852	\$ (2,814)	\$ 4,038	\$ 4,038

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, 2020

	Project Authorization	Prior Years	Actual		Total To Date	Variance Over/Under
			Current Year			
Revenues:						
STP-DA grant	\$ 233,600	\$ 19,065	\$ -		\$ 19,065	\$ (214,535)
Investment earnings	-	695	293		988	988
Total revenues	<u>233,600</u>	<u>19,760</u>	<u>293</u>		<u>20,053</u>	<u>(213,547)</u>
Expenditures:						
Capital outlay	<u>292,000</u>	<u>43,407</u>	<u>2,709</u>		<u>46,116</u>	<u>245,884</u>
Revenues over (under) expenditures	(58,400)	(23,647)	(2,416)		(26,063)	32,337
Other Financing Sources (Uses):						
Transfer from the General Fund	<u>58,400</u>	<u>58,400</u>	-		<u>58,400</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 34,753</u>	<u>\$ (2,416)</u>		<u>\$ 32,337</u>	<u>\$ 32,337</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, 2020**

	Project Authorization	Actual		Total To Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
NCDEQ grant	\$ 165,000	\$ -	\$ -	\$ -	\$ (165,000)
Investment earnings	-	470	184	654	654
Total revenues	<u>165,000</u>	<u>470</u>	<u>184</u>	<u>654</u>	<u>(164,346)</u>
Expenditures:					
Capital outlay	<u>220,000</u>	<u>32,983</u>	<u>4,016</u>	<u>36,999</u>	<u>183,001</u>
Revenues over (under) expenditures	(55,000)	(32,513)	(3,832)	(36,345)	18,655
Other Financing Sources (Uses):					
Transfer from the General Fund	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 22,487</u>	<u>\$ (3,832)</u>	<u>\$ 18,655</u>	<u>\$ 18,655</u>

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

FIRE PUMPER APPARATUS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual		Total To Date	Variance Over/Under
	Prior Years	Current Year			
Expenditures:					
Capital outlay	\$ 1,240,000	\$ -	\$ -	\$ -	\$ 1,240,000
Other Financing Sources (Uses):					
Transfer from the General Fund	390,000	-	390,000	390,000	-
Issuance of debt	850,000	-	-	-	(850,000)
Total other financing sources (uses)	<u>1,240,000</u>	<u>-</u>	<u>390,000</u>	<u>390,000</u>	<u>(850,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ 390,000</u>	<u>\$ 390,000</u>

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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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		<u>2019</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Operating Revenues:				
Water and sewer charges	\$ 3,322,266	\$ 3,385,243	\$ 62,977	\$ 3,385,861
Water and sewer taps	14,000	17,850	3,850	16,250
Reconnection fees	12,000	9,535	(2,465)	13,242
Other operating revenues	87,500	111,239	23,739	107,340
Total operating revenues	<u>3,435,766</u>	<u>3,523,867</u>	<u>88,101</u>	<u>3,522,693</u>
Non-Operating Revenues:				
Interest earnings	35,000	42,749	7,749	68,954
Insurance recovery	1,000	-	(1,000)	-
Total non-operating revenues	<u>36,000</u>	<u>42,749</u>	<u>6,749</u>	<u>68,954</u>
Total revenues	<u>3,471,766</u>	<u>3,566,616</u>	<u>94,850</u>	<u>3,591,647</u>
Expenditures:				
Operations:				
Salaries and employee benefits	679,456	480,564	198,892	529,210
Operating expenses	1,072,217	1,294,086	(221,869)	1,611,706
Maintenance and repairs	120,500	31,381	89,119	52,245
Transmission and treatment	1,092,200	925,706	166,494	537,864
Capital outlay	500,000	130,710	369,290	56,117
Total operations	<u>3,464,373</u>	<u>2,862,447</u>	<u>601,926</u>	<u>2,787,142</u>
Total expenditures	<u>3,464,373</u>	<u>2,862,447</u>	<u>601,926</u>	<u>2,787,142</u>
Revenues over (under) expenditures	<u>7,393</u>	<u>704,169</u>	<u>696,776</u>	<u>804,505</u>
Other Financing Sources (Uses):				
Transfer to Salisbury Ocean Access Park Fund	(750,000)	(750,000)	-	(382,000)
Transfer from General Fund	-	-	-	500,000
Transfer to Water and Sewer Capital Reserve Fund	(235,000)	(235,000)	-	(130,000)
Transfer to Water and Sewer NEI Repair Fund	-	-	-	(450,000)
Transfer from Water and Sewer Capital Reserve Fund	-	-	-	452,079
Appropriated fund balance	977,607	-	(977,607)	-
Total other financing sources (uses)	<u>(7,393)</u>	<u>(985,000)</u>	<u>(977,607)</u>	<u>(9,921)</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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(280,831)	<u>\$ (280,831)</u>	<u>\$ 794,584</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Intrafund transfers to projects		235,000		
Capital outlay		130,710		
Depreciation		(248,090)		
Increase (decrease) in compensated absences		(5,860)		
(Increase) decrease in OPEB liability		(63,689)		
Increase (decrease) in deferred outflows - OPEB		1,352		
(Increase) decrease in deferred inflows - OPEB		6,506		
(Increase) decrease in net pension liability		(20,365)		
Increase (decrease) in deferred outflows - pension		6,128		
(Increase) decrease in deferred inflows - pension		(106)		
Project investment earnings		<u>27,391</u>		
Change in net position		<u>\$ (211,854)</u>		

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, 2020
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019**

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 22,353	\$ 22,353	\$ 3,214
Other Financing Sources (Uses):				
Transfer to the Capital Project Fund	(235,000)	-	235,000	(329,150)
Transfer from Water and Sewer Fund	235,000	235,000	-	130,000
Transfer to Water and Sewer Fund	-	-	-	(452,079)
Total other financing sources (uses)	-	235,000	235,000	(651,229)
Net change in fund balance	\$ -	257,353	\$ 257,353	\$ (648,015)
Fund Balance:				
Beginning of year - July 1		2,322,736		
End of year - June 30		\$ 2,580,089		

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, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 3,221	\$ 566	\$ 3,787	\$ 3,787
Expenditures:					
Contracted services	300,000	239,250	-	239,250	60,750
Revenues over (under) expenditures	(300,000)	(236,029)	566	(235,463)	64,537
Other Financing Sources (Uses):					
Transfer from Water and Sewer Fund	300,000	300,000	-	300,000	-
Net change in fund balance	\$ -	\$ 63,971	\$ 566	\$ 64,537	\$ 64,537

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, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 6,878	\$ 2,572	\$ 9,450	\$ 9,450
Expenditures:					
Contracted services	350,000	66,090	-	66,090	283,910
Revenues over (under) expenditures	(350,000)	(59,212)	2,572	(56,640)	293,360
Other Financing Sources (Uses):					
Transfer from Capital Reserve Fund	350,000	350,000	-	350,000	-
Net change in fund balance	\$ -	\$ 290,788	\$ 2,572	\$ 293,360	\$ 293,360

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, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Investment earnings	\$ -	\$ -	\$ 1,900	\$ 1,900	\$ 1,900
Expenditures:					
Contracted services	450,000	3,500	-	3,500	446,500
Revenues over (under) expenditures	(450,000)	(3,500)	1,900	(1,600)	448,400
Other Financing Sources (Uses):					
Transfer from Water and Sewer Fund	450,000	450,000	-	450,000	-
Net change in fund balance	\$ -	\$ 446,500	\$ 1,900	\$ 448,400	\$ 448,400

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, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 3,407,634	\$ 3,392,749	\$ 14,885
2018-2019	10,608	-	5,807	4,801
2017-2018	8,527	-	3,313	5,214
2016-2017	5,848	-	159	5,689
2015-2016	5,673	-	87	5,586
2014-2015	4,007	-	115	3,892
2013-2014	4,865	-	31	4,834
2012-2013	3,391	-	34	3,357
2011-2012	3,884	-	5	3,879
2010-2011	2,426	-	16	2,410
2009-2010	2,846	-	2,846	-
Total	\$ 52,075	\$ 3,407,634	\$ 3,405,162	54,547
Prior year motor vehicle taxes				1,161
Less: allowance for uncollectible ad valorem taxes receivable				28,000
Ad valorem taxes receivable, net				\$ 27,708
Reconciliation with Revenues:				
Ad valorem taxes:				
General Fund				\$ 3,403,348
Reconciling items:				
Interest collected				(4,568)
Taxes written off and credits				2,846
Miscellaneous adjustments				3,536
Total collections and credits				\$ 3,405,162

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 2,670,182,588	0.1275	\$ 3,414,948	\$ 3,360,993	\$ 53,955
Penalties	-		583	583	-
Total	2,670,182,588		3,415,531	3,361,576	53,955
Discoveries:					
Current year's taxes	-		993	993	-
Releases	169,843		8,890	8,890	-
Total property valuation	<u>\$ 2,670,012,745</u>				
Net Levy			3,407,634	3,353,679	53,955
Uncollected taxes at June 30, 2020			14,885	14,885	-
Current Year's Taxes Collected			<u>\$ 3,392,749</u>	<u>\$ 3,338,794</u>	<u>\$ 53,955</u>
Current Levy Collection Percentage			<u>99.56%</u>	<u>99.56%</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

	<u>Pages</u>
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.	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.	103-104

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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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 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	\$ 12,829,207
Restricted	603,605	661,068	590,404	582,645	670,608	1,036,037	718,063	874,645	1,404,741	922,761
Unrestricted	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	10,908,761
Total governmental activities net position	\$ 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	\$ 24,660,729
Business-type activities										
Net investment in capital assets	\$ 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	\$ 4,214,943
Unrestricted	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	7,900,988
Total business-type activities	\$ 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	\$ 12,115,931
Primary government										
Net investment in capital assets	\$ 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	\$ 17,044,150
Restricted	603,605	661,068	590,404	582,645	670,608	1,036,037	718,063	874,645	1,404,741	922,761
Unrestricted	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	18,809,749
Total primary government net position	\$ 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	\$ 36,776,660

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,464,626
Public safety	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	5,986,336
Transportation	611,126	524,519	588,542	605,019	523,892	548,689	421,692	584,855	589,862	563,395
Environmental protection	847,668	902,200	860,722	863,174	796,387	958,315	745,623	805,026	832,650	1,044,375
Cultural and recreation	516,097	533,929	596,394	606,801	590,685	628,135	670,034	679,345	649,989	651,706
Interest on long-term debt	229,612	110,909	288,693	36,156	104,493	85,936	74,836	64,019	53,776	43,535
Total governmental activities expenses	<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>	<u>10,753,973</u>
Business-type activities:										
Water and sewer	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	3,055,861
Total primary government expenses	<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>	<u>\$ 13,809,834</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 42,501	\$ 45,500	\$ 55,100	\$ 57,019	\$ 62,890	\$ 59,451	\$ 60,287	\$ 67,759	\$ 60,102	\$ 61,400
Public safety	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	3,949,598
Environmental protection	979,014	1,011,431	954,223	929,382	975,225	959,246	962,118	970,593	1,031,805	1,024,543
Cultural and recreation	187,063	198,016	226,625	232,262	251,472	259,297	301,783	306,495	206,209	117,188
Operating grants and contributions	87,520	118,597	112,801	48,975	4,405	1,197	172,942	101,222	424,904	625,943
Capital grants and contributions	213,528	40,160	68,892	69,731	169,174	69,277	137,984	71,201	897,932	431,683
Total governmental activities program revenues	<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>	<u>6,210,355</u>
Business-type activities:										
Charges for services:										
Water and sewer	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	3,523,867
Operating grants and contributions	-	14,063	-	-	-	-	1,371	-	-	-
Total business-type activities program revenues	<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>	<u>3,523,867</u>
Total program revenues	<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>	<u>\$ 9,734,222</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (4,707,670)	\$ (4,956,325)	\$ (5,511,431)	\$ (4,628,776)	\$ (4,317,982)	\$ (3,931,219)	\$ (4,110,626)	\$ (4,203,484)	\$ (3,498,592)	\$ (4,543,618)
Business-type activities	518,188	427,969	343,702	(126,507)	359,721	177,049	311,170	554,070	840,872	468,006
Total net expense	<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>	<u>\$ (4,075,612)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 3,405,573
Local option sales tax	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	1,325,400
Other taxes and licenses	715,305	539,210	575,318	582,532	500,488	630,149	601,560	633,178	647,911	751,674
Unrestricted grants and contributions	327,479	643,373	574,647	759,497	922,943	941,971	1,051,861	1,047,961	1,005,564	996,393
Investment earnings	14,197	9,071	7,932	3,092	2,758	12,612	27,907	88,819	175,873	150,390
Miscellaneous	155,662	157,807	113,295	42,471	222,294	356,440	6,032	-	671,520	432,793
Transfers	200,000	180,000	180,000	-	-	-	-	-	211,150	750,000
Total governmental activities	<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>	<u>7,812,223</u>
Business-type activities:										
Investment earnings	16,596	12,794	10,151	3,751	2,591	6,339	11,482	37,707	79,346	70,140
Miscellaneous	116,910	-	-	21,314	1,975	1,083	-	-	-	-
Transfers	(200,000)	(180,000)	(180,000)	-	-	-	-	-	(211,150)	(750,000)
Total business-type activities	<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>	<u>(679,860)</u>
Total primary government	<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>	<u>\$ 7,132,363</u>
Change in Net Position										
Governmental activities	\$ 792,903	\$ 861,936	\$ 311,380	\$ 1,134,054	\$ 1,787,565	\$ 2,557,107	\$ 2,106,263	\$ 2,174,547	\$ 3,945,600	\$ 3,268,605
Business-type activities	<u>451,694</u>	<u>280,763</u>	<u>173,853</u>	<u>(101,442)</u>	<u>364,287</u>	<u>184,471</u>	<u>322,652</u>	<u>591,777</u>	<u>709,088</u>	<u>(211,854)</u>
Total change in net position	<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>\$ 4,654,688</u>	<u>\$ 3,056,751</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-spendable prepaid items	\$ 78,588	\$ 43,347	\$ 52,101	\$ 55,560	\$ 55,560	\$ 37,715	\$ 35,973	\$ 39,244	\$ 83,295	\$ 32,012
Restricted for Stabilization by State Statute	488,358	629,251	590,404	582,645	670,608	757,648	646,160	749,483	810,068	790,024
Restricted	115,247	29,319	-	-	-	-	68,530	121,787	121,787	111,380
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	12,730,439
Total General Fund	\$ 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	\$ 13,663,855
All Other Governmental Funds										
Restricted for Stabilization by State Statute	\$ -	\$ 2,498	\$ -	\$ -	\$ -	\$ 278,025	\$ 3,373	\$ 3,375	\$ 3,375	\$ 21,247
Restricted	-	-	-	-	-	-	-	-	469,511	110
Committed	-	770,862	700,236	1,005,854	1,524,216	2,345,767	3,167,861	4,072,527	5,623,647	5,203,080
Assigned	-	86,574	451,345	-	-	-	(48)	(3,655)	-	(182,194)
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 5,042,243

Schedule 4
TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	\$ 4,155,022
Intergovernmental revenue	628,359	800,300	753,325	878,197	2,273,803	2,258,094	2,412,330	2,334,275	2,895,639	3,124,419
Licenses, fees, and permits	157,899	285,706	348,291	339,157	426,995	307,841	435,275	375,944	630,561	567,276
Charges for services	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	4,585,453
Investment earnings	14,366	9,071	7,932	1,637	2,758	10,466	25,662	86,315	175,873	150,390
Miscellaneous	164,084	157,807	113,295	42,471	222,294	62,672	188,519	110,638	1,424,520	687,793
Total revenues	9,160,305	9,549,882	9,467,350	9,986,707	10,659,156	10,734,627	11,510,059	11,390,719	14,000,161	13,270,353
Expenditures										
General government	1,672,192	1,740,578	1,765,165	1,570,887	1,607,794	1,545,675	1,880,408	1,845,625	2,366,800	2,250,172
Public safety	4,174,346	4,473,831	4,676,019	4,485,756	4,690,160	4,287,648	4,765,295	4,569,379	5,185,647	5,325,653
Transportation	558,089	479,846	536,932	554,226	481,879	499,707	365,412	494,416	545,419	521,175
Environmental protection	767,984	830,360	782,552	790,577	752,862	667,404	667,804	747,265	773,480	963,558
Cultural and recreation	471,541	478,150	535,883	543,777	546,271	570,040	595,734	630,459	571,396	559,389
Capital outlay	1,007,139	591,922	194,770	224,003	371,723	456,841	300,946	397,268	882,568	4,224,146
Debt service:										
Principal	685,563	656,428	587,737	428,572	486,062	486,901	487,753	428,572	428,571	428,569
Interest	395,232	216,574	171,424	110,110	102,423	91,342	80,246	69,140	58,897	48,657
Total expenditures	9,732,086	9,467,689	9,250,482	8,707,908	9,039,174	8,605,558	9,143,598	9,182,124	10,812,778	14,321,319
Revenues over (under) expenditures	(571,781)	82,193	216,868	1,278,799	1,619,982	2,129,069	2,366,461	2,208,595	3,187,383	(1,050,966)
Other Financing Sources (Uses)										
Transfers in	473,925	544,575	743,970	242,845	870,000	66,427	171,845	142,250	2,581,958	3,763,574
Transfers out	(273,925)	(364,575)	(563,970)	(532,165)	(870,000)	(910,502)	(1,113,650)	(1,079,777)	(2,370,808)	(3,013,574)
Total other financing sources (uses)	200,000	180,000	180,000	(289,320)	-	(844,075)	(941,805)	(937,527)	211,150	750,000
Net change in fund balances	\$ (371,781)	\$ 262,193	\$ 396,868	\$ 989,479	\$ 1,619,982	\$ 1,284,994	\$ 1,424,656	\$ 1,271,068	\$ 3,398,533	\$ (300,966)
Debt service as a percentage of non-capital expenditures	12.4%	9.8%	8.4%	6.3%	6.8%	7.1%	6.4%	5.7%	4.9%	2.6%

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	Room									
	Ad valorem Taxes ¹		Sales Taxes		Occupancy Tax		Franchise Tax		Total Taxes	
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
2020		3,403,348		1,325,400		656,364		334,377		5,719,489
% Change										
2011-2020		<u>3.67%</u>		<u>64.00%</u>		<u>41.64%</u>		<u>32.73%</u>		<u>19.00%</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		Total Direct Tax Rate
				Assessed	Value	
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	
2020	2,560,056,361	105,230,347	4,261,551	2,669,548,259	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	2020				2011			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Moores' Inlet Partnership	\$ 30,642,300	1	1.17%		\$ 34,328,329	1	1.00%	
Seapath Yacht Club	16,934,719	2	0.64%		17,364,563	3	0.50%	
Blockade Runner Resort	14,619,900	3	0.56%		-	-	-	
WBRP LLC	9,608,400	4	0.37%		-	-	-	
Hanover Seaside Club	9,181,500	5	0.35%		-	-	-	
Carolina Yacht Club	8,067,476	6	0.31%		-	-	-	
Sea Oats Management Company	7,982,000	7	0.30%		10,126,175	6	0.30%	
Crystal Pier LLC	7,942,600	8	0.30%		-	-	-	
Wrightsville Yacht Club Inc	7,081,991	9	0.27%		-	-	-	
SSWB Interests LLC	6,927,600	10	0.26%		-	-	-	
Four Seasons Management	-	-	-		18,391,398	2	0.60%	
Surf Club Inc	-	-	-		14,217,944	4	0.40%	
Annie Bryant Peterson	-	-	-		13,763,859	5	0.40%	
Lumina Acquisition LLC	-	-	-		9,621,246	7	0.30%	
Joseph G. Priest	-	-	-		7,837,323	8	0.20%	
Henry Anderson Jr.	-	-	-		7,767,768	9	0.20%	
Elizabeth L. Wright	-	-	-		7,664,300	10	0.20%	
Total	\$ 118,988,486		4.46%		\$ 141,082,905		4.27%	
Total taxable assessed value	\$ 2,669,548,259				\$ 3,306,963,624			

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	
2011	0.0990	0.0990	0.4655	0.4655	0.5645
2012	0.1330	0.1330	0.5540	0.5540	0.6870
2013	0.1330	0.1330	0.5540	0.5540	0.6870
2014	0.1330	0.1330	0.5740	0.5740	0.7070
2015	0.1330	0.1330	0.5540	0.5540	0.6870
2016	0.1275	0.1275	0.5053	0.5053	0.6328
2017	0.1275	0.1275	0.4903	0.4903	0.6178
2018	0.1275	0.1275	0.4903	0.4903	0.6178
2019	0.1275	0.1275	0.4903	0.4903	0.6178
2020	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 Collected within the Fiscal Year of the Levy		Property Tax Collections Subsequent Years	Property Tax Total Collections to Date	Property Tax Percentage of Levy
		Amount	Percentage of Levy			
2011	\$ 3,273,438	\$ 3,259,786	99.58	\$ 10,673	\$ 3,270,459	99.91
2012	3,284,804	3,266,029	99.43	15,944	3,281,973	99.91
2013	3,276,560	3,263,024	99.59	6,375	3,269,399	99.78
2014	3,296,577	3,278,954	99.47	10,892	3,289,846	99.80
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
2020	3,407,597	3,392,747	99.56	-	3,392,747	99.56

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
	\$	\$			
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
2020	1,714,286	1,714,286		N/A	677.05

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, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 414,902,410	7.73%	\$ 32,089,773
Town of Wrightsville Beach debt	\$ 1,714,286	100.00%	1,714,286
Total direct and overlapping debt			<u>\$ 33,804,059</u>

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, 2020										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assessed value										\$ 2,670,012,745
Debt limit (8% of assessed value)										\$ 213,601,020
Debt applicable to limit:										
Installment Purchase Agreement										1,714,286
Legal debt margin										\$ 211,886,734
Debt limit	\$ 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	\$ 213,601,020
Total net debt applicable to limit	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	1,714,286
Legal debt margin	\$ 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	\$ 211,886,734
Total net debt applicable to the limit as a percentage of debt limit	2.25%	2.00%	2.39%	2.25%	2.01%	1.76%	1.51%	1.30%	1.00%	0.80%

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 Wrightsville Beach		New Hanover County		
	Population ¹	Personal Income (000's) ²	Personal Income ²	Per Capita	
				Personal Income ²	Unemployment Rate ³
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%
2020	2,532	n/a	n/a		7.2%

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)	2020					2011				
	Percentage of Total County		Percentage of Total County		Rank	Employees	Rank	Employees	Rank	Percentage of Total County
	Employment	Rank	Employment	Rank						
New Hanover Regional Medical Center	7,500	1	6.73%	4,738	1	5.10%				
New Hanover County Schools	4,211	2	3.78%	3,666	2	3.95%				
Wal-Mart Stores	2,857	3	2.56%	2,592	3	2.79%				
General Electric Company	2,800	4	2.51%	2,100	4	-				
University of NC at Wilmington	2,409	5	2.16%	1,898	5	2.04%				
New Hanover County Government	1,813	6	1.63%	1,571	6	1.69%				
PPD, Inc.	1,500	7	1.35%	1,500	7	1.61%				
Duke Energy Progress	1,136	8	1.02%	-	-	-				
City of Wilmington	1,000	9	0.90%	981	10	1.06%				
Wilmington Health	917	10	0.82%	-	-	-				
Verizon Wireless	-	-	-	1,346	8	1.45%				
Corning, Inc.	-	-	-	1,000	9	1.08%				
Total New Hanover County Employment	<u>111,465</u>			<u>92,927</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	12	12	12	12	12	12	12	12	12	13
Public safety	43	44	44	45	45	45	45	45	45	43
Transportation	5	5	5	5	5	5	5	5	5	6
Environmental protection	8	8	8	8	8	8	8	8	8	7
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	8
Total	82	83	83	84	84	84	84	84	84	82

Source: Town records

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police Department:										
Criminal charges (calendar years)	3,164	3,226								
Reported serious offenses (calendar years)	405	419								
* Incident and Invest (Total Offenses), Group A Offenses			273	196	212	222	541	106	405	413
* Incident and Invest (Total Offenses), Group B Offenses			660	355	518	252	110	110	670	532
* Other Miscellaneous Crimes			128	69	62	39	394	195	236	229
* Total Ordinance Tickets Issued			1,375	1,200	763	1,033	953	754	1,332	1,035
* Total Criminal Citations Issued			1,499	1,214	1,246	2,008	3,230	1,508	1,996	1,388
* Represents a change in Police Department reporting as of 1/1/13										
Fire Department:										
Fire alarms (calendar years)	170	146	104	170	166	175	175	90	160	120
EMS calls (calendar years)	402	360	350	393	478	415	450	205	342	337
Planning and Inspections:										
Building permits issued	400	527	481	481	547	412	375	229	425	453
Value (\$000)	\$ 12,803	\$ 25,832	\$ 13,482	\$ 17,795	\$ 23,232	\$ 21,379	\$ 18,596	\$ 14,466	\$ 47,258	\$ 45,399
Cultural and recreation										
Softball field reservations (calendar years)	4	60	37	34	47	50	35	18	30	25
Recreation center reservations (calendar years)	115	119	55	49	8	71	64	36	66	59
Recreation programs (calendar years)	23	23	23	23	26	22	22	22	22	25
Water and Sewer										
Customers	2,690	2,678	2,678	2,686	2,695	2,703	2,719	2,721	2,743	2,740
Water - average daily consumption in gallons	910,074	876,332	795,291	811,718	826,000	783,870	803,279	689,807	759,332	793,825
Sewer - average daily inflow (in gallons)	587,641	565,217	557,938	624,000	580,169	496,710	592,279	524,668	598,584	626,340

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 14, 2020.

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) as a basis for designing 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 2020-001 and 2020-002 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 financial statements. 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 2020-002.

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
December 14, 2020

TOWN OF WRIGHTSVILLE BEACH, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

2. Financial Statements Findings

Material Weakness

Finding 2020-001 – 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.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit (2019-001).

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, 2020

2. Financial Statements Findings (continued)

Material Weakness/Material Non-Compliance

Finding 2020-002

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: The Town has one department and one transfer that are 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 (2019-003).

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.

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TOWN OF WRIGHTSVILLE BEACH

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2020

Material Weakness

Finding 2020-001

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/Material Non-Compliance

Finding 2020-002

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, 2020

Finding 2019-001

Status: Repeated as 2020-001. 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 2019-002

Status: Corrected.

Finding 2019-003

Status: Repeated as 2020-002.