

REVIEWED

By SLGFD at 3:27 pm, Nov 19, 2021

Town of Atlantic Beach, North Carolina

Annual Comprehensive

Financial Report

For the Fiscal Year Ended June 30, 2021

Prepared by
Thompson, Price, Scott, Adams & Co., P.A.

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Introductory Section

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



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October 26, 2021

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

The Annual Comprehensive Financial Report (ACFR) for the Town of Atlantic Beach, North Carolina, for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures within this report rests with the management of the **Town of Atlantic Beach**. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of **Thompson, Price, Scott, Adams & Co., P.A.** and their unmodified opinion is included in the financial section of the Annual Comprehensive Financial Report.

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

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

Immediately following the Independent Auditor's report is Management's Discussion and Analysis (MD&A), which provides a narrative overview of the Town's financial performance for fiscal year ended June 30, 2021. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Description of the Town of Atlantic Beach

The Town of Atlantic Beach was incorporated on March 17, 1937. The Town of Atlantic Beach currently has a population of 1,362 and encompasses 2.3 square miles. Atlantic Beach is located on a barrier island in Carteret County on the eastern end of Bogue Banks. The Atlantic Ocean is to the south while the Bogue Sound lies to the north of the island. Atlantic Beach prides itself on being a seasonal residential resort community. Atlantic Beach is a thriving coastal community that is a major tourist destination along the coast of North Carolina. The Town of Atlantic Beach has a strong commitment to preserving its environment and protecting the ocean dunes and maritime forest. The Town's developmental priorities and goals of environmental and resource protection clearly states its strong desire to encourage and promote tourism.

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

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

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

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

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

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

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

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

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

Economic Condition and Outlook

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

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

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

Major Initiatives

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

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

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

The Town has completed the planning phase of the stormwater management project and continues to implement drainage mitigation projects throughout town. The most recent drainage projects completed are at West Boardwalk/Raleigh Avenue, Charlotte/W Bogue Blvd, and Robin Avenue. A major priority of Council is providing a Town Park with a wide variety of entertainment for our residents and visitors. The Town Park features a state of the art skatepark, miniature golf course, and restroom/concession facilities. The Town Council continues to seek innovative recreational features to add to the Town Park, investigating concepts such as a future dune slide or walking trails. Council continues to plan renovations to or replacements of aging Town Facilities. During FY2016-17, the Town completed the construction of a new Public Services/Water facility. Replacement of the Police/Fire/Town Hall facilities with a Public Safety & Administration Complex should be completed by FY2021-22. Other major initiatives include continuing to improve handicap access at the public beach accesses, with the most recent completed at Durham Beach Access.

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

For the Future

The Town Council adopted the fiscal year 2021-22 budget in May 2021. Property taxes provide approximately 49% of the revenues for the General Fund. The property tax rate increased from \$0.18 to \$0.20 per \$100 valuation. Revenue from sales tax, permits and fees, and sales and services were all projected to remain consistent with prior years. No new or increased fees in the General Fund were implemented in the FY2021-22 budget.

Major capital purchases and projects during FY2021-22 include two replacement vehicles in the Police Department, a Fire Department rescue boat, and completion of the Public Safety & Administration Complex.

Internal Controls, Budgetary Controls, and Independent Audit

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

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

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

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

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Atlantic Beach for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

David R. Walker

David R. Walker,
Town Manager

Town of Atlantic Beach, North Carolina
List of Principal Officials
June 30, 2021

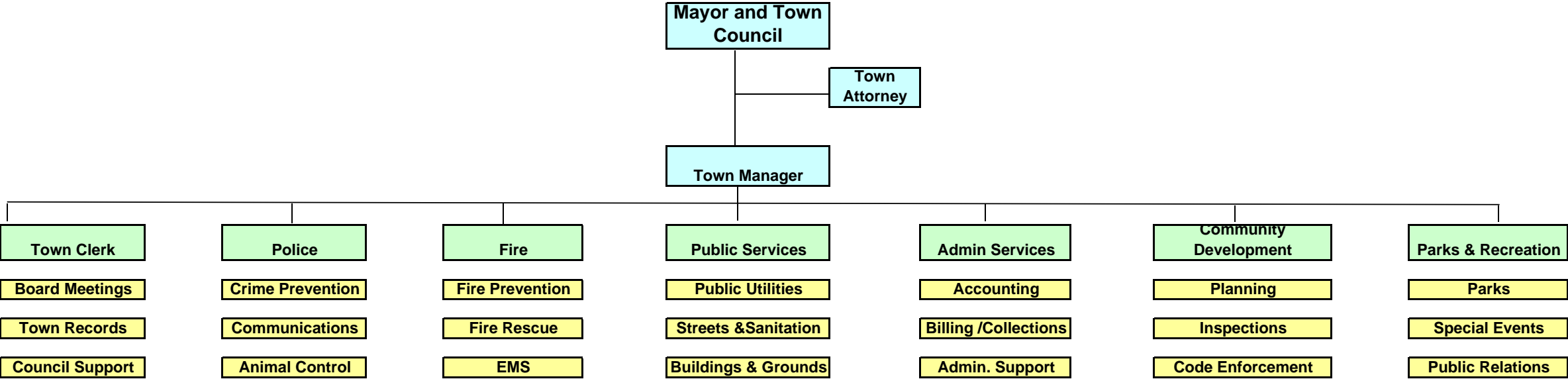
TOWN COUNCIL

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

ADMINISTRATION

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

TOWN OF ATLANTIC BEACH ORGANIZATION FUNCTIONS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Atlantic Beach
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section

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



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Atlantic Beach's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021 on our consideration of the Town of Atlantic Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atlantic Beach's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

October 15, 2021



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MANAGEMENT'S DISCUSSION AND ANALYSIS



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Management's Discussion and Analysis

As management of Town of Atlantic Beach, we offer readers of Town of Atlantic Beach's (the "Town") financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

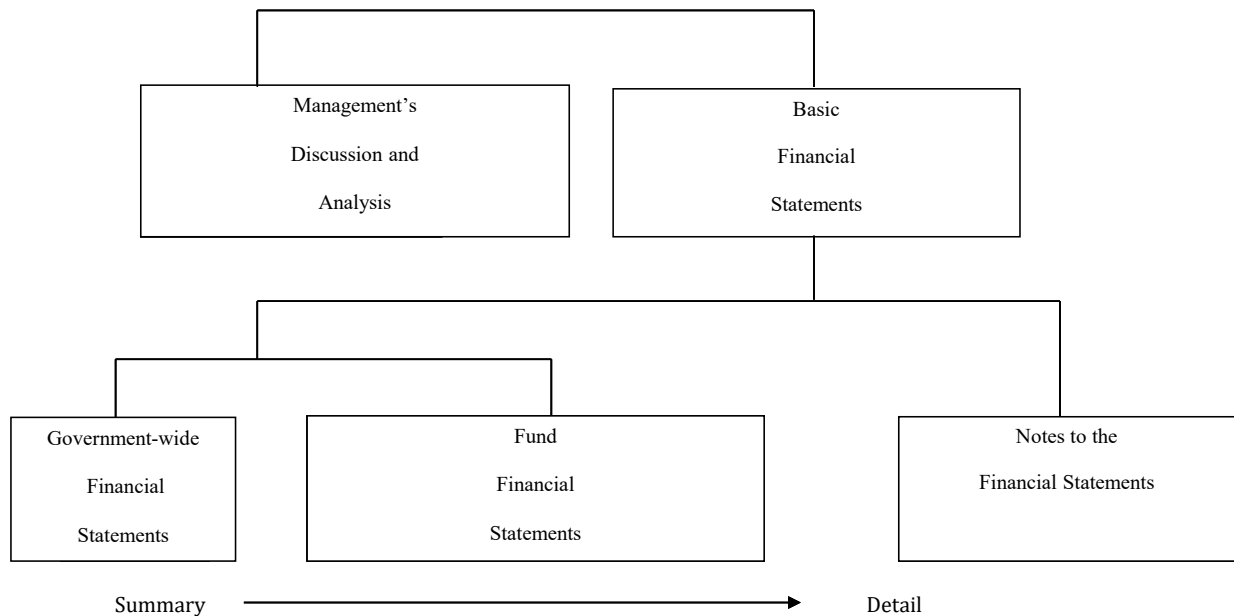
Financial Highlights

- The assets and deferred outflows of resources of Town of Atlantic Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,069,985 (net position).
- The government's total net position increased by \$1,313,006 primarily due to increased net position in the governmental activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,991,943. Approximately 36% of this total amount or \$3,602,730 is available for spending at the government's discretion (unassigned fund balance) in the general fund. Assigned fund balance in Beach Renourishment Special Revenue Fund totals \$489,990.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,602,730 or 49% of total general fund expenditures (\$7,281,986) for the fiscal year.
- The government's total debt (change in long-term debt) increased by \$6,681,069 during the current fiscal year. The majority of this change is due to a new loan.
- The Town of Atlantic Beach has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting each consecutive year beginning with the June 30, 2000 annual report.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, streets, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town of Atlantic Beach.

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

Fund Financial Statements

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

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

The Town of Atlantic Beach adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

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

Government Wide Financial Analysis

Town of Atlantic Beach's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 10,789,004	\$ 5,343,427	\$ 1,885,195	\$ 1,575,831	\$ 12,674,199	\$ 6,919,258
Capital assets	13,986,092	10,849,181	2,346,259	2,503,653	16,332,351	13,352,834
Total asset	24,775,096	16,192,608	4,231,454	4,079,484	29,006,550	20,272,092
Deferred outflows of resources	1,596,806	1,240,632	122,572	100,762	1,719,378	1,341,394
Long-term liabilities outstanding	10,628,837	3,141,900	371,344	346,321	11,000,181	3,488,221
Other liabilities	1,298,933	987,729	121,397	127,557	1,420,330	1,115,286
Total liabilities	11,927,770	4,129,629	492,741	473,878	12,420,511	4,603,507
Deferred inflows of resources	219,829	236,854	15,603	16,146	235,432	253,000
Net Position:						
Net investment						
in capital assets	6,893,699	10,473,528	2,233,827	2,355,550	9,127,526	12,829,078
Restricted	963,558	952,865	-	-	963,558	952,865
Unrestricted	6,367,046	1,640,364	1,611,855	1,334,672	7,978,901	2,975,036
Total net position	\$ 14,224,303	\$ 13,066,757	\$ 3,845,682	\$ 3,690,222	\$ 18,069,985	\$ 16,756,979

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Atlantic Beach exceeded liabilities and deferred inflows by \$18,069,985 as of June 30, 2021. The Town's net position increased by \$1,313,006 for the fiscal year ended June 30, 2021. However, the largest portion (50.5%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Atlantic Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Atlantic Beach's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Atlantic Beach's net position, \$963,558, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,978,901 is unrestricted.

The primary aspects of the Town's financial operations that influenced the total unrestricted governmental net position was continued diligence in the collection of property taxes by accomplishing a tax collection percentage of 99.88%.

Town of Atlantic Beach
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for Services	\$ 1,622,503	\$ 1,770,909	\$ 1,907,691	\$ 1,814,316	\$ 3,530,194	\$ 3,585,225
Operating grants and contributions	646,595	8,066,499	-	-	646,595	8,066,499
Capital grants and contributions	98,655	-	-	-	98,655	-
General revenues:						
Property taxes	3,274,584	2,825,954	-	-	3,274,584	2,825,954
Other taxes	-	-	-	-	-	-
Unrestricted intergovernmental revenues:						
Local Option sales tax	1,456,436	1,196,104	-	-	1,456,436	1,196,104
Carteret County ABC revenue	236,957	167,629	-	-	236,957	167,629
Cable vision franchise tax	72,399	74,331	-	-	72,399	74,331
Utilities Franchise sales tax	306,324	308,166	-	-	306,324	308,166
Telecommunications sales tax	23,257	23,195	-	-	23,257	23,195
Other intergovernmental revenues	7,342	7,587	-	-	7,342	7,587
Other	19,595	92,910	3,045	16,530	22,640	109,440
Total revenues	7,764,647	14,533,284	1,910,736	1,830,846	9,675,383	16,364,130
Expenses:						
General government	1,695,721	1,910,570	-	-	1,695,721	1,910,570
Public Safety	3,588,539	3,263,742	-	-	3,588,539	3,263,742
Transportation	656,859	799,067	-	-	656,859	799,067
Economic and physical development	34,671	7,545,851	-	-	34,671	7,545,851
Environmental protection	561,826	541,213	-	-	561,826	541,213
Parks and recreation	383,510	370,263	-	-	383,510	370,263
Interest on long-term debt	7,326	16,117	-	-	7,326	16,117
Water	-	-	1,433,925	1,484,809	1,433,925	1,484,809
Total expenses	6,928,452	14,446,823	1,433,925	1,484,809	8,362,377	15,931,632
Increase (decrease) in net position before transfers and special items	836,195	86,461	476,811	346,037	1,313,006	432,498
Transfers	321,351	424,056	(321,351)	(424,056)	-	-
Increase (decrease) in net position	1,157,546	510,517	155,460	(78,019)	1,313,006	432,498
Net position, beginning	13,066,757	12,556,240	3,690,222	3,768,241	16,756,979	16,324,481
Net position, ending	<u>\$ 14,224,303</u>	<u>\$ 13,066,757</u>	<u>\$ 3,845,682</u>	<u>\$ 3,690,222</u>	<u>\$ 18,069,985</u>	<u>\$ 16,756,979</u>

Governmental activities. Governmental activities increased the Town's net position by \$1,157,546, whereas the net position in the business-type activities increased by \$155,460. The total growth in net position was \$1,313,006. This increase in the Town's governmental activities net position can be attributed to several factors. While State-shared revenues of utility and telecom franchise tax revenues were lower than anticipated, this was offset with higher than expected local option sales tax revenues, the Town's strong tax collection rate of 99.88% of stable tax values, and the foresight to acknowledge and plan for the continued economic downturn by freezing spending, salaries, and capital purchases except where necessary.

Business-type activities. Business-type activities increased the Town of Atlantic Beach net position by \$155,460. The increase is due to higher revenues and less expenses.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Atlantic Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,602,730 while total fund balance reached \$4,566,288. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, which were \$7,281,986. Unassigned fund balance represents 49% of total General Fund expenditures, while total fund balance represents 63% of that same amount.

At June 30, 2021, the governmental funds of Town of Atlantic Beach reported a combined fund balance of \$9,991,943, an increase of \$5,257,021 from last year. Total fund balance for all governmental funds represents 101% of total Governmental Funds expenditures. While there were higher than anticipated revenues, strict oversight of personnel, operating and routine capital expenditures, we used the opportunity to proceed with multiple major projects in lieu of keeping the reserves in the bank producing very minimal interest returns in the low market environment. Some of the major capital purchases included the completion of a large stormwater drainage project at Forrest Knoll and Knollwood Drive, completion of beach access renovations at South Durham Avenue, re-paving of Bayview Blvd, replacement of a backhoe, replacement of a mini-skidsteer, the replacement of three town vehicles, and beginning the construction of the new Public Safety and Administration Complex.

General Fund Budgetary Highlights:

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

The final amended budget and actual amounts varied, largely due to the downward economic trends and capital projects budgeted and in progress, though not completed by June 30, 2021. The Town budgeted conservatively for State-collected revenues and building permits/capacity use fees based on trends in building construction and real estate development projects. While the State-wide and local economic trends have continued on a declining scale, the Town of Atlantic Beach collected more of these revenues than expected. The most significant favorable variances were in other unrestricted intergovernmental taxes. Total revenue realized was approximately \$251,882 more than the final budget amount, primarily due to the collection of property taxes and service fees with a higher collection rate than anticipated and receiving higher than expected local sales tax revenue. Expenditures were tightly controlled, and the Town was able to comply with its budgetary requirements in all categories. The favorable variances were the result of expenditure reductions in operations and routine replacement capital outlay to the extent possible with while still providing for the completion of large stormwater drainage project at Forrest Knoll and Knollwood Drive, completion of beach access renovations at South Durham Avenue, re-paving of Bayview Blvd, replacement of a backhoe, replacement of a mini-skidsteer, the replacement of three town vehicles, beginning the construction of the new Public Safety and Administration Complex and hosting events to bring more family entertainment opportunities to Atlantic Beach stretching throughout the summer including the fireworks during July 4th, and weekly outdoor movies "by the Sea at the Park". Total expenditures were approximately \$949,553 less than budgeted. The Town's focus on improving the infrastructure and completion of major projects while carefully monitoring State-shared revenue trends, maintaining a high local tax collection rate, and selling surplus vehicles and equipment resulted in total expenditures being \$429,802 less than total revenues, with an increase in fund balance of \$207,150 while still maintaining an unassigned fund balance of \$3,602,730.

Proprietary Funds. The Town of Atlantic Beach's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$1,611,855. The total change in net position for the Utility Fund was an increase of \$155,460. Equipment and infrastructure capital improvement needs have been postponed in an attempt to keep the rates as low as possible.

Capital Asset and Debt Administration

Capital assets. Town of Atlantic Beach's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$16,332,351 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- CIP for Public Safety and Admin Complex
- Two Dodge Chargers
- Ram 1500 Pickup
- Mini Skidsteer
- Cat 420 Backhoe

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,222,967	\$ 5,222,967	\$ 934,400	\$ 934,400	\$ 6,157,367	\$ 6,157,367
Buildings and plant systems	1,821,424	1,965,999	1,149,233	1,266,049	2,970,657	3,232,048
Infrastructure	3,410,334	3,130,587	-	-	3,410,334	3,130,587
Equipment	375,841	151,975	234,497	271,396	610,338	423,371
Vehicles and motorized equipment	321,316	333,140	28,129	31,808	349,445	364,948
Construction in Progress	2,834,210	44,513	-	-	2,834,210	44,513
Total	\$ 13,986,092	\$ 10,849,181	\$ 2,346,259	\$ 2,503,653	\$ 16,332,351	\$ 13,352,834

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

Long-term Debt. As of June 30, 2021, the Town of Atlantic Beach had total debt outstanding of \$7,204,825. The entire amount of the Town's debt represents installment purchases for government activities, as we currently have no debt backed by the full faith and credit of the Town (bonded), or Utility (revenue bonds).

Town of Atlantic Beach's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Placement Installment purchases	\$ 7,092,393	\$ 375,653	\$ 112,432	\$ 148,103	\$ 7,204,825	\$ 523,756
Total	\$ 7,092,393	\$ 375,653	\$ 112,432	\$ 148,103	\$ 7,204,825	\$ 523,756

The Town of Atlantic Beach's total installment debt increased by \$6,681,069 during the current fiscal year. North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Atlantic Beach is \$138,323,829. Additional information regarding the Town of Atlantic Beach's long-term debt can be found in the notes of the Basic Financial Statements within Section III, B (6b) Detail Notes on All Funds, Liabilities, Long Term Obligations, Changes in General Long-Term Liabilities.

Economic Factors and Next Year's Budgets and Rates

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

- Low unemployment. The Town of Atlantic Beach is too small to be statistically categorized in unemployment figures. However, as of June, Carteret County as a whole has an unemployment rate of 4.1%, which is below both the State average of 4.6% and the national average of 5.9%.
- The Town of Atlantic Beach is a resort community and does not have a significant manufacturing or industrial base. However, new small business development has been consistent.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities

The Town of Atlantic Beach budget for the Fiscal Year Ending June 30, 2022 totals \$9,653,590 for all funds managed by the Town. As required by North Carolina General Statutes, the budget is balanced by a like amount of revenues and expenditures. Budgeted expenditures for Capital Improvements are very limited and practically non-existent for the 2021-2022 fiscal year because of anticipated revenue shortfalls, economic conditions and the Town's attempt to conservatively balance the budget. Capital outlay expenditures in the General Fund include two replacement Police Department vehicles and a Fire Department rescue boat. The General Fund continues to plan for improvements to beach accesses, additional stormwater drainage project, and completion of a Public Safety & Administration Complex. No fund balance monies were appropriated in the General Fund budget for FY2021-2022. The Town intends to complete a major re-paving project in FY2021-22 and then increase the Powell Bill reserves for several years planning for another major repaving project in approximately FY2024-25. The Water Fund did not budget for any capital outlay expenditures. No fund balance monies were appropriated in the Water Fund budget for FY2021-2022.

Governmental Activities. The Town's largest single source of revenue continues to be generated from ad valorem property taxes, which is increased from \$0.18 to \$0.20 per \$100 valuation tax rate on a \$1,828,227,741 tax base. The \$3,585,000 ad valorem property tax revenue comprises approximately 49% of General Fund estimated revenues.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Town of Atlantic Beach, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,297,291	\$ 1,549,407	\$ 5,846,698
Restricted cash and cash equivalents	5,771,430	33,221	5,804,651
Taxes receivables (net)	4,507	-	4,507
Accounts receivable (net)	715,776	267,113	982,889
Inventories	-	35,454	35,454
Total current assets	10,789,004	1,885,195	12,674,199
Non-current assets:			
Capital Assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	8,057,177	934,400	8,991,577
Other capital assets, net of depreciation	5,928,915	1,411,859	7,340,774
Total capital assets	13,986,092	2,346,259	16,332,351
Total assets	24,775,096	4,231,454	29,006,550
DEFERRED OUTFLOWS OF RESOURCES	1,596,806	122,572	1,719,378
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	792,554	24,958	817,512
Accrued interest payable	1,873	-	1,873
Accrued vacation	94,762	8,790	103,552
Customer advances	-	17,869	17,869
Current portion of long term liabilities	409,744	36,559	446,303
Payable from restricted assets	-	33,221	33,221
Total current liabilities	1,298,933	121,397	1,420,330
Long-term liabilities:			
Net pension liability	1,541,533	134,046	1,675,579
Total pension liability	612,414	-	612,414
OPEB liability	1,670,830	145,290	1,816,120
Accrued vacation	121,411	16,135	137,546
Due in more than one year	6,682,649	75,873	6,758,522
Total long term liabilities	10,628,837	371,344	11,000,181
Total liabilities	11,927,770	492,741	12,420,511
DEFERRED INFLOWS OF RESOURCES	219,829	15,603	235,432
NET POSITION			
Net investment in capital assets	6,893,699	2,233,827	9,127,526
Restricted for:			
Streets - Powell Bill	247,782	-	247,782
Stabilization by State Statute	715,776	-	715,776
Unrestricted	6,367,046	1,611,855	7,978,901
Total net position	\$ 14,224,303	\$ 3,845,682	\$ 18,069,985

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

Town of Atlantic Beach, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 1,695,721	\$ 458,411	\$ -	\$ -	\$ (1,237,310)	\$ -	\$ (1,237,310)	
Public safety	3,588,539	655,756	373,094	98,655	(2,461,034)	-	(2,461,034)	
Transportation	656,859	-	52,906	-	(603,953)	-	(603,953)	
Economic and physical development	34,671	-	220,595	-	185,924	-	185,924	
Environmental protection	561,826	623,510	-	-	61,684	-	61,684	
Cultural and recreation	383,510	121,783	-	-	(261,727)	-	(261,727)	
Interest on long-term debt	7,326	-	-	-	(7,326)	-	(7,326)	
Total governmental activities (See Note 1)	6,928,452	1,859,460	646,595	98,655	(4,323,742)	-	(4,323,742)	
Business-type activities:								
Water	1,433,925	1,907,691	-	-	-	473,766	473,766	
Total business-type activities	1,433,925	1,907,691	-	-	-	473,766	473,766	
Total primary government	\$ 8,362,377	\$ 3,767,151	\$ 646,595	\$ 98,655	(4,323,742)	473,766	(3,849,976)	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					3,274,584	-	3,274,584	
Local option sales tax					1,456,436	-	1,456,436	
Franchise taxes					401,980	-	401,980	
Beer and wine tax					6,231	-	6,231	
Solid waste disposal tax					1,111	-	1,111	
Grants and contributions not restricted to specific programs					-	-	-	
Miscellaneous					7,530	-	7,530	
Unrestricted investment earnings					12,065	3,045	15,110	
Transfers					321,351	(321,351)	-	
Total general revenues, special items, and transfers					5,481,288	(318,306)	5,162,982	
Change in net position					1,157,546	155,460	1,313,006	
Net position, beginning					13,066,757	3,690,222	16,756,979	
Net position, ending					\$ 14,224,303	\$ 3,845,682	\$ 18,069,985	

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

Town of Atlantic Beach, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds		Non-Major Fund	
	General Fund	Public Safety & Admin Complex Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,807,301	\$ -	489,990	4,297,291
Restricted cash	247,782	5,523,648	-	5,771,430
Receivables, net:				
Taxes	4,250	-	-	4,250
Accounts	715,776	-	-	715,776
Total assets	<u>4,775,109</u>	<u>5,523,648</u>	<u>489,990</u>	<u>10,788,747</u>
LIABILITIES				
Accounts payable and accrued liabilities	204,571	587,983	-	792,554
Total liabilities	<u>204,571</u>	<u>587,983</u>	<u>-</u>	<u>792,554</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	4,250	-	-	4,250
Prepaid taxes	-	-	-	-
Total deferred inflows of resources	<u>4,250</u>	<u>-</u>	<u>-</u>	<u>4,250</u>
FUND BALANCES				
Restricted				
Stabilization by State Statute	715,776	-	-	715,776
Streets - Powell Bill	247,782	-	-	247,782
Assigned				
Beach Renourishment	-	-	489,990	489,990
Committed				
Public Safety & Admin Complex	-	4,935,665	-	4,935,665
Unassigned	3,602,730	-	-	3,602,730
Total fund balances	<u>4,566,288</u>	<u>4,935,665</u>	<u>489,990</u>	<u>9,991,943</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,775,109</u>	<u>\$ 5,523,648</u>	<u>\$ 489,990</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				13,986,092
Net pension liability				(1,541,533)
Total pension liability				(612,414)
OPEB liability				(1,670,830)
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.				257
Deferred outflows of resources related to pensions are not reported in the funds				1,596,806
Liabilities for earned revenues considered deferred inflows of resources in fund statements				4,250
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)				(7,308,566)
Deferred inflows of resources related to pensions are not reported in the funds				(219,829)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.				(1,873)
Net position of governmental activities				<u>\$ 14,224,303</u>

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

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds		Non-Major Fund	
		Public Safety & Admin Complex Capital Project Fund	Other Governmental Funds	Total Governmental Funds
	General Fund			
REVENUES				
Ad valorem taxes	\$ 3,275,714	\$ -	\$ -	\$ 3,275,714
Unrestricted intergovernmental	2,102,715	-	-	2,102,715
Restricted intergovernmental	642,683	-	115,617	758,300
Permits and fees	342,196	-	-	342,196
Sales and services	1,170,463	-	-	1,170,463
Investment earnings	5,786	5,603	676	12,065
Miscellaneous	172,231	-	-	172,231
Total revenues	7,711,788	5,603	116,293	7,833,684
EXPENDITURES				
Current:				
General government	2,044,944	2,541,596	-	4,586,540
Public safety	3,324,786	-	-	3,324,786
Transportation	545,812	-	-	545,812
Environmental protection	546,981	-	-	546,981
Economic and physical development	201,303	-	81,962	283,265
Public services	325,713	-	-	325,713
Debt service:				
Principal	283,259	-	-	283,259
Interest and other charges	9,188	-	-	9,188
Total expenditures	7,281,986	2,541,596	81,962	9,905,544
Excess (deficiency) of revenues over expenditures	429,802	(2,535,993)	34,331	(2,071,860)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	355,006	471,658	79,875	906,539
Transfers to other funds	(585,188)	-	-	(585,188)
Insurance Proceeds	7,530	-	-	7,530
Loan Proceeds	-	7,000,000	-	7,000,000
Total other financing sources (uses)	(222,652)	7,471,658	79,875	7,328,881
Net change in fund balance	207,150	4,935,665	114,206	5,257,021
Fund balances, beginning	4,359,138	-	375,784	4,734,922
Fund balances, ending	\$ 4,566,288	\$ 4,935,665	\$ 489,990	\$ 9,991,943

(continued)

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ 5,257,021
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	3,546,276	
Depreciation expense from governmental assets	(414,701)	
Gain (Loss) of disposal of asset	5,336	3,136,911

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	524,611
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Benefit payments paid and administrative expense for the LEOSA and OPEB are not included on the Statement of Activities	68,103
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	(1,066)

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

New long-term debt issued	(7,000,000)	
Principal payments on long-term debt	283,260	(6,716,740)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(33,603)	
Accrued interest payable	1,862	
Pension Expense	(932,009)	
Other postemployment benefits	(147,544)	

Total changes in net position of governmental activities	\$ 1,157,546
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Town of Atlantic Beach, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 3,142,000	\$ 3,241,000	\$ 3,275,714	\$ 34,714
Unrestricted intergovernmental	1,730,400	1,678,400	2,102,715	424,315
Restricted intergovernmental	574,000	945,056	642,683	(302,373)
Permits and fees	284,200	329,500	342,196	12,696
Sales and services	1,069,300	1,096,100	1,170,463	74,363
Investment earnings	20,000	5,000	5,786	786
Miscellaneous	5,000	164,850	172,231	7,381
Total revenues	6,824,900	7,459,906	7,711,788	251,882
Expenditures:				
Current:				
General government	1,170,290	2,519,154	2,044,944	474,210
Public safety	3,001,140	3,654,153	3,324,786	329,367
Transportation	557,000	615,242	545,812	69,430
Environmental protection	1,460,095	552,500	546,981	5,519
Economic and physical development	317,180	211,640	201,303	10,337
Public services	281,745	386,400	325,713	60,687
Debt service:				
Principal retirement	283,262	283,262	283,259	3
Interest and other charges	9,188	9,188	9,188	-
Contingency	-	-	-	-
Total expenditures	7,079,900	8,231,539	7,281,986	949,553
Revenues over (under) expenditures	(255,000)	(771,633)	429,802	1,201,435
Other financing sources (uses):				
Insurance Proceeds	-	7,530	7,530	-
Transfers to other funds	-	(732,658)	(585,188)	147,470
Transfers from other funds	-	396,087	355,006	(41,081)
Total other financing sources (uses)	-	(329,041)	(222,652)	106,389
Fund balance appropriated	255,000	1,100,674	-	(1,100,674)
Net change in fund balance	\$ -	\$ -	207,150	\$ 207,150
Fund balances, beginning			4,359,138	
Fund balances, ending			\$ 4,566,288	

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

Town of Atlantic Beach, North Carolina
Statement of Fund Net Position
Proprietary Fund - Public Utilities Fund
June 30, 2021

	Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,549,407
Restricted cash and cash equivalents	33,221
Accounts receivable (net) - billed	168,694
Accounts receivable (net) - unbilled	98,419
Inventories	35,454
Total current assets	<u>1,885,195</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	934,400
Other capital assets, net of depreciation	1,411,859
Capital assets	<u>2,346,259</u>
Total non-current assets	<u>2,346,259</u>
Total assets	<u>4,231,454</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>122,572</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	24,958
Customer advances on water bills	17,869
Current portion of accrued vacation	8,790
Installment debt	36,559
Liabilities payable from restricted assets	
Customer deposits	33,221
Total current liabilities	<u>121,397</u>
Noncurrent liabilities:	
Installment debt	75,873
OPEB liability	145,290
Accrued vacation	16,135
Net pension liability	134,046
Total non-current liabilities	<u>371,344</u>
Total liabilities	<u>492,741</u>
DEFERRED INFLOWS OF RESOURCES	<u>15,603</u>
NET POSITION	
Net investment in capital assets	2,233,827
Unrestricted	1,611,855
Total net position	<u><u>\$ 3,845,682</u></u>

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

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2021

	Public Utilities Fund
OPERATING REVENUES	
Charges for services	\$ 1,324,854
Stormwater fees	477,154
Other operating revenues	105,683
Total operating revenues	<u>1,907,691</u>
OPERATING EXPENSES	
Administration	524,485
Water treatment and distribution	748,548
Depreciation	157,394
Total operating expenses	<u>1,430,427</u>
Operating income (loss)	<u>477,264</u>
NONOPERATING REVENUE (EXPENSES)	
Interest and other charges	(3,498)
Investment earnings	3,045
Total nonoperating revenue (expenses)	<u>(453)</u>
Income (loss) before contributions and transfers	476,811
Transfers to other funds	<u>(321,351)</u>
Change in net position	155,460
Total net position, beginning	3,690,222
Total net position, ending	<u><u>\$ 3,845,682</u></u>

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

Town of Atlantic Beach, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2021

	Public Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,899,465
Cash paid to employees	(280,484)
Cash paid for goods and services	(967,035)
Net cash provided (used) by operating activities	<u>651,946</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(321,351)</u>
Net cash provided (used) by noncapital financing activities	<u>(321,351)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	-
Principal repayments on long-term debt	(35,671)
Interest expense	(3,498)
Installment purchase obligation issued	-
Net cash provided (used) by capital and related financing activities	<u>(39,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>3,045</u>
Net increase (decrease) in cash and cash equivalents	294,471
Balances, beginning	<u>1,288,157</u>
Balances, ending	<u><u>\$ 1,582,628</u></u>

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

Town of Atlantic Beach, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2021

	Public Utilities Fund
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 477,264</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	157,394
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(8,226)
(Increase) decrease in inventory	(6,667)
Increase (decrease) in accounts payable and accrued liabilities	(27,285)
Increase (decrease) in net pension liability	33,745
(Increase) decrease in deferred outflows of resources	(21,810)
Increase (decrease) in deferred inflows of resources	(543)
Increase(decrease) in customer deposits	20,452
Increase (decrease) in accrued vacation pay	231
Increase (decrease) in OPEB liability	27,391
Total adjustments	<u>174,682</u>
Net cash provided by operating activities	<u><u>\$ 651,946</u></u>

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

Notes to Basic
Financial Statements

Town of Atlantic Beach, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Atlantic Beach conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

B. Basis of Presentation

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

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

Fund Financial Statements : The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental fund:

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

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

Cares Act Relief Fund - This fund is a special revenue fund to help with Covid 19 relief.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

D. Budgetary Data

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

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. Only investments with maturities of three months or less at the time of purchase may be classified as cash equivalents.

3. Restricted Assets

The unexpended Powel Bill revenue is classified as restricted assets in governmental funds because the use is completely restricted by G.S. 136-41.1 through 136-41.4. Unspent proceeds in the Capital Project Fund are classified as restricted assets because its use is restricted for the building of the public safety and admin complex. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. The balance at June 30, 2021 was \$281,003.

<u>Town of Atlantic Beach Restricted Cash</u>		
Governmental Activities		
General Fund		
	Streets	\$ 247,782
Capital Project Fund		
	Unspent Proceeds	5,523,648
Total governmental activities		<u>5,771,430</u>
Business-type Activities		
Public Utilities Fund:		
	Customer Deposits	33,221
Total Business-type Activities		<u>33,221</u>
Total Restricted Cash		<u>\$ 5,804,651</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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

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

7. Capital Assets

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

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town does have one item that meets this criterion, pension deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only two items that meet the criterion for this category - property taxes receivable and pension deferrals.

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of unexpended Powell Bill funds.

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

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

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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

II. Stewardship, Compliance, and Accountability

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

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$9,297,962 and a bank balance of \$9,351,616. All of which was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$1,400.

2. Investments

At June 30, 2021, the Town had \$2,351,987 invested with the North Carolina Capital management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables

Receivable at the government-wide level at June 30, 2021, were as follows:

Fund	June 30, 2021
General Fund:	
ABC distributions receivable	\$ 86,890
Telecommunication sales tax receivable	4,436
Franchise tax receivable	64,247
Local option sales tax receivable	270,840
Video programming	17,587
Services receivable	70,639
Other governments receivable	11,051
Miscellaneous receivables	190,086
Total	<u>715,776</u>
Public Utilities Fund:	
Services receivable	267,113
	<u>\$ 982,889</u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,222,967	\$ -	\$ -	\$ 5,222,967
Construction in progress	44,513	2,881,426	91,729	2,834,210
Total capital assets not being depreciated	5,267,480	2,881,426	91,729	8,057,177
Capital assets being depreciated:				
Buildings & improvement	2,646,165	-	449,708	2,196,457
Infrastructure	3,811,117	384,269	-	4,195,386
Equipment	479,402	275,970	31,520	723,852
Vehicles and motorized equipment	2,682,278	96,340	111,243	2,667,375
Total capital assets being depreciated	9,618,962	756,579	592,471	9,783,070
Less accumulated depreciation for:				
Buildings & improvements	680,166	60,062	365,195	375,033
Infrastructure	680,531	110,673	6,152	785,052
Equipment	327,426	92,294	71,709	348,011
Vehicles and motorized equipment	2,349,138	151,672	154,751	2,346,059
Total accumulated depreciation	4,037,261	\$ 414,701	\$ 597,807	3,854,155
Total capital assets being depreciated, net	5,581,701			5,928,915
Governmental activity capital assets, net	\$ 10,849,181			\$ 13,986,092

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

General Government	\$ 65,455
Public Safety	161,964
Transportation	88,532
Economic & Physical Development	31,346
Environmental Protection	9,137
Cultural & Recreation	58,267
Total Depreciation Expense	<u>\$ 414,701</u>

Business-Type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund				
Capital assets not being depreciated:				
Land	\$ 934,400	\$ -	\$ -	\$ 934,400
Construction in progress	-	-	-	-
Total capital assets not being depreciated	934,400	-	-	934,400
Capital assets being depreciated:				
Plant and Distribution Systems	6,666,992	-	95,515	6,571,477
Furniture, Equipment & Maintenance	1,257,224	-	-	1,257,224
Vehicles	87,139	-	-	87,139
Total capital assets being depreciated	8,011,355	-	95,515	7,915,840
Less accumulated depreciation for:				
Plant and Distribution Systems	5,397,921	119,838	95,515	5,422,244
Furniture, Equipment & Maintenance	998,674	24,053	-	1,022,727
Vehicles	45,507	13,503	-	59,010
Total accumulated depreciation	6,442,102	\$ 157,394	\$ 95,515	6,503,981
Total capital assets being depreciated, net	1,569,253			1,411,859
Business type capital assets, net	\$ 2,503,653			\$ 2,346,259

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2021, was 17.07% of compensation for law enforcement officers and 16.52% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$528,842 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$1,675,579 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.04689%, which was an increase of 0.00098% from its proportion measured as of June 30, 2019. Contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

For the year ended June 30, 2021, the Town recognized pension expense of \$888,469. At June 30, 2021, 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	\$ 211,596	\$ -
Change of assumptions	124,696	-
Net difference between projected and actual earnings on pension plan investments	235,793	-
Change in proportion and differences between Town contributions and proportionate share of contributions	203,898	4,157
Town contributions subsequent to the measurement date	528,842	-
Total	<u>\$ 1,304,825</u>	<u>\$ 4,157</u>

\$528,842 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ 261,942
2023	280,922
2024	159,179
2025	69,783
2026	-
Thereafter	-
	<u>\$ 771,826</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of net pension liability (asset)	\$ 3,399,568	\$ 1,675,579	\$ 242,824

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

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

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

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	15
Total	19

2. Summary of Significant Accounting Policies

Basis of Accounting – The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employee. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$47,502 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, 2021, the Town reported a total pension liability of \$612,414. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$88,280.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,296	\$ 34,052
Changes of assumptions	153,938	6,346
Town benefit payments and plan administrative expenses subsequent to the measurement date	-	-
Total	<u>\$ 187,234</u>	<u>\$ 40,398</u>

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

Year Ended June 30	
2022	\$ 53,190
2023	22,562
2024	35,242
2025	33,186
2026	2,656
Thereafter	-
	<u>\$ 146,836</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1 % Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Town's pension liability (asset)	\$ 658,409	\$ 612,414	\$ 570,032

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
2021**

Beginning balance	\$ 455,502
Service Cost	21,753
Interest on the total pension liability	14,075
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(8,426)
Changes of assumptions or other inputs	177,012
Benefit payments	(47,502)
Other changes	-
Ending balance of the total pension liability	<u>\$ 612,414</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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 888,469	\$ 88,280	\$ 976,749
Pension Liability	1,675,579	612,414	2,287,993
Proportionate share of the net pension liability	0.04689%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	211,596	33,296	244,892
Changes of assumptions	124,696	153,938	278,634
Net difference between projected and actual earnings on plan investments	235,793	-	235,793
Changes in proportion and differences between contributions and proportionate share of contributions	203,898	-	203,898
Benefit payments and administrative costs paid subsequent to the measurement	528,842	-	528,842
Totals	1,304,825	187,234	1,492,059
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	34,052	34,052
Changes of assumptions	-	6,346	6,346
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,157	-	4,157

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

The Town made contributions of \$44,100 for the reporting year. No amounts were forfeited.

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

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

Funding Policy. The adopted plan requires the Town to contribute each pay period an amount equal to five percent (5%) of each non-law enforcement employee's salary. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$109,560 from the Town and \$50,585 from the non-law enforcement employees.

e. Other Postemployment Benefits (OPEB)

1. Healthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2020 date of the latest actuarial valuation.

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

Funding Policy. By Town resolution, the Town pays the full cost of the coverage for the healthcare benefits to qualified retirees. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended, June 30, 2021, the Town was not required to make contributions in the fiscal year.

Total OPEB Liability

The Town's total OPEB liability of \$1,816,120 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	7.0% For 2019 decreasing to an ultimate rate of 4.50% by 2026

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

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	
Change for the year	\$ 1,473,735
Service cost	93,596
Interest	54,469
Changes of benefit terms	-
Differences between expected and actual experience	(16,674)
Changes in assumptions or other inputs	233,386
Benefit payments	(22,392)
Net changes	<u>342,385</u>
Balance at June 30, 2021	<u><u>\$ 1,816,120</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50 % to 2.21%.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 2,020,533	\$ 1,816,120	\$ 1,632,353

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 1,554,774	\$ 1,816,120	\$ 2,133,750

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$147,544. Contributions made after the measurement date of the net pension/OPEB liability/collective net pension/OPEB liability but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension/OPEB liability or collective net pension/OPEB liability in the subsequent fiscal period rather than in the current fiscal period. At June 30, 2021, 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	\$ -	\$ 101,660
Changes of assumptions	227,319	89,217
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	\$ 227,319	\$ 190,877

\$0 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ (521)
2023	(521)
2024	(521)
2025	(521)
2026	(521)
Thereafter	39,047
	\$ 36,442

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Differences between expected and actual experience	\$ 244,892
Change of assumptions	505,953
Net difference between projected and actual earnings on pension plan investments	235,793
Change in proportion and differences between Town contributions and proportionate share of contributions	203,898
Town contributions subsequent to the measurement date	528,842
Total	\$ 1,719,378

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund) less penalties	\$ -	\$ 4,250
Prepaid taxes (General Fund)	-	-
Differences between expected and actual experience	135,712	
Changes in assumptions	95,563	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,157	-
Total	<u>\$ 235,432</u>	<u>\$ 4,250</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

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

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

5. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town has no pending claims or judgments.

6. Long Term Obligations

a. Installment Purchases:

Governmental Activities

In January 2021, the Town entered into a direct placement installment purchase contract with First Bank for the construction of a new Public Safety and Admin Complex. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning January 26, 2022, with an interest rate of 2.39%. The balance outstanding at June 30, 2021 was \$7,000,000.

In December 2018, the Town entered into a direct placement installment purchase contract with Branch Banking and Trust Company for the purchase of an Ambulance. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning December 6, 2019 of \$20,527, with an interest rate of 3.61%. The balance outstanding at June 30, 2021 was \$92,393.

Business-Type Activities

In March 2017, the Town entered into a direct placement installment purchase contract with BB&T for the purchase of SCADA equipment for the water plant. The property is pledged as collateral for the debt while the debt is outstanding. The note is due in annual installments beginning March 1, 2018 of \$39,359, with an interest rate of 2.49%. The balance outstanding at June 30, 2021 was \$112,432.

Annual debt service payments of all installment notes as of June 30, 2021, including \$1,448,525 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 409,744	\$ 172,959	\$ 36,559	\$ 2,800
2023	419,876	162,826	37,470	1,889
2024	430,262	152,441	38,403	956
2025	440,908	141,796	-	-
2026	451,819	130,884	-	-
2027-2032	2,322,226	488,653	-	-
2033-2035	2,617,558	193,321	-	-
Total	\$ 7,092,393	\$ 1,442,880	\$ 112,432	\$ 5,645

b. Changes in General Long-Term Liabilities

At June 30 2021, the Town of Atlantic Beach had a legal debt margin of \$138,323,829.

	Balance 07/01/20	Increases	Decreases	Balance 06/30/21	Current Portion
Governmental activities:					
Direct Placement Installment purchases	\$ 375,653	\$ 7,000,000	\$ 283,260	\$ 7,092,393	\$ 409,744
Compensated absences	182,570	128,365	94,762	216,173	94,762
Total OPEB liability	1,355,836	314,994	-	1,670,830	-
Net pension liability (LGRS)	1,153,465	388,068	-	1,541,533	-
Net pension liability (LEOSSA)	455,502	156,912	-	612,414	-
Governmental activity long-term liabilities	\$ 3,523,026	\$ 7,988,339	\$ 378,022	\$ 11,133,343	\$ 504,506
Business-type activities:					
Direct Placement Installment purchases	\$ 148,103	\$ -	\$ 35,671	\$ 112,432	\$ 36,559
Net pension liability (LGRS)	100,301	33,745	-	134,046	-
Compensated absences	24,694	9,021	8,790	24,925	8,790
Total OPEB liability	117,899	27,391	-	145,290	-
Business-type activity long-term liabilities	\$ 390,997	\$ 70,157	\$ 44,461	\$ 416,693	\$ 45,349

c. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021, consist of the following:

Descriptions	Transfer In	Transfer Out
General Fund	\$ 321,351	\$ -
Public Utilities Fund	-	321,351
	<u>\$ 321,351</u>	<u>\$ 321,351</u>
General Fund		\$ 471,658
Public Safety Capital Project Fund	471,658	
	<u>\$ 471,658</u>	<u>\$ 471,658</u>
General Fund	\$ 33,655	\$ -
Cares Act Relief Fund	-	33,655
	<u>\$ 33,655</u>	<u>\$ 33,655</u>
General Fund	\$ -	\$ 113,530
Non Major Capital Project Fund	113,530	
	<u>\$ 113,530</u>	<u>\$ 113,530</u>

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

The transfer from the Public Utility Fund to the General Fund is for debt service payment for the Town-owned property purchased for future uses by both funds (\$96,000) and for stormwater project construction (\$225,351). The transfer from General Fund to the Public Safety Capital Project fund is for the building of new complex. The transfer from Cares Act Relief Fund to the General Fund is for covid 19 expenses. The transfer from the General Fund to Non Major Capital Project Fund is to help pay for the project.

d. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 13,986,092	\$ 2,346,259
Less: Long-term debt	7,092,393	112,432
Net investment in capital assets	<u>\$ 6,893,699</u>	<u>\$ 2,233,827</u>

e. Fund Balance

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

Total fund balance - General Fund	\$ 4,566,288
Less:	
Stabilization by State Statute	715,776
Streets - Powell Bill	247,782
Working Capital/Fund Balance Policy	823,154
Remaining Fund Balance	<u>\$ 2,779,576</u>

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

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

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

VI. New Pronouncements

The GASB has issued pronouncements which are effective as of the fiscal year ended June 30, 2021

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

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

Implementation Guide o. 2019-2, 11Fiducia1y Activities." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

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

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

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

Statement 92, "Omnibus 2020." The requirements of this Statement, The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement 93, "Replacement of Interbank Offered Rates." The requirement in paragraph 11 b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and o. 84, and a supersession of GASB Statement No. 32." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

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

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

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

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

Schedule of Contributions – Local Government
Employees’ Retirement System

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

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

Schedule of Changes in the Net OPEB Liability and
Related Ratios

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.04689%	0.04591%	0.04646%	0.04728%	0.04710%	0.05260%	0.0510%	0.0511%
Town's proportion of the net pension liability (asset) (\$)	\$ 1,675,579	\$ 1,253,766	\$ 1,102,190	\$ 722,307	\$ 1,000,256	\$ 236,021	\$ (299,237)	\$ 615,951
Town's covered payroll	\$ 2,965,751	\$ 2,972,487	\$ 2,880,471	\$ 2,836,696	\$ 2,815,405	\$ 2,599,100	\$ 2,572,741	\$ 2,384,890
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.50%	42.18%	38.26%	25.46%	35.53%	9.08%	(11.63%)	25.83%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 528,842	\$ 460,045	\$ 425,630	\$ 404,971	\$ 394,056	\$ 357,608	\$ 358,156	\$ 347,320
Contributions in relation to the contractually required contribution	528,842	460,045	425,630	404,971	394,056	357,608	358,156	347,320
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 3,172,482	\$ 2,965,751	\$ 2,972,487	\$ 2,880,471	\$ 2,836,696	\$ 2,815,405	\$ 2,599,100	\$ 2,572,741
Contributions as a percentage of covered payroll	16.67%	15.51%	14.32%	14.06%	13.89%	12.70%	13.78%	13.50%

Town of Atlantic Beach, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	455,502	453,628	547,700	393,196	397,437
Service Cost	21,753	18,719	18,451	18,012	19,431
Interest on the total pension liability	14,075	15,613	16,556	14,288	13,656
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(8,426)	5,690	(67,410)	143,184	-
Changes of assumptions or other inputs	177,012	11,228	(14,121)	25,105	(7,476)
Benefit payments	(47,502)	(49,376)	(47,548)	(46,085)	(29,852)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 612,414</u>	<u>\$ 455,502</u>	<u>\$ 453,628</u>	<u>\$ 547,700</u>	<u>\$ 393,196</u>

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

Town of Atlantic Beach, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 612,414	\$ 455,502	\$ 453,628	\$ 547,700	\$ 393,196
Covered payroll	841,488	818,758	793,412	832,244	850,042
Total pension liability as a percentage of covered payroll	72.78%	55.63%	57.17%	65.81%	46.26%

Notes to the schedules:

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

Town of Atlantic Beach, North Carolina
Schedule of Changes in the Net OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2021*

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 93,596	\$ 90,472	\$ 93,348	\$ 100,558
Interest	54,469	55,235	48,926	40,905
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(16,674)	(88,672)	(4,111)	(23,034)
Changes of assumptions	233,386	23,512	(52,697)	(86,548)
Benefit payments	(22,392)	(52,957)	(27,038)	(6,214)
Net change in total OPEB liability	342,385	27,590	58,428	25,667
Total OPEB liability - beginning	1,473,735	1,446,145	1,387,717	1,362,050
Total OPEB liability - ending	\$ 1,816,120	\$ 1,473,735	\$ 1,446,145	\$ 1,387,717
Town's covered-employee payroll	\$ 2,783,731	\$ 2,783,731	\$ 2,825,143	\$ 2,825,143
Town's OPEB liability as a percentage of its covered-employee payroll	65.24%	52.94%	51.19%	49.12%

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

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

GENERAL FUND

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

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current collections of unit-wide levy		3,264,176	
Prior years' levy collections		4,869	
Penalties and interest		6,669	
Total taxes	3,241,000	3,275,714	34,714
 Unrestricted intergovernmental:			
Local option sales tax		1,456,436	
Carteret County ABC revenue		236,957	
Beer/wine tax		6,231	
Utilities sales tax		306,324	
Cable Vision franchise tax		72,399	
Telecommunications sales tax		23,257	
Solid Waste Disposal Tax		1,111	
	1,678,400	2,102,715	424,315
 Restricted intergovernmental:			
Public Safety Grants		87,384	
FEMA		339,439	
NC GCC VEH Weapons Mount Grant		11,271	
Dredging Grant		93,271	
CAMA Grant Beach Access		45,362	
Donations/Skatepark		13,050	
Powell Bill allocation		52,906	
	945,056	642,683	(302,373)
Total intergovernmental	2,623,456	2,745,398	121,942
 Permits, fees and assessments:			
Beach permits		51,625	
Building permits		285,566	
Business registration fee		5,005	
Total permits, fees and assessments	329,500	342,196	12,696

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Sales and services:			
Parking meter		282,289	
Solid waste fees		532,754	
Parking violations		24,947	
Refuse cart sales		16,408	
Debris/White goods fee		74,348	
EMS revenue		62,954	
Cell tower lease		85,131	
Re-Entry pass fees		11,650	
Recreation fees		38,608	
Other Fees		41,374	
Total sales and services	1,096,100	1,170,463	74,363
Investment Earnings:			
General fund interest on investments		5,331	
Other funds interest on investments		455	
Total interest	5,000	5,786	786
Miscellaneous revenue:			
ABPD citizen donations		2,600	
Private donations		9,702	
Sales tax refund		60,083	
Mini golf		70,125	
Miscellaneous		29,721	
Total miscellaneous	164,850	172,231	7,381
Total revenue	7,459,906	7,711,788	251,882
Expenditures			
General Government:			
Mayor and council:			
Salaries and employee benefits		24,085	
Professional services		53,509	
Membership dues		4,663	
Other operating expenditures		8,877	
	101,600	91,134	10,466

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		225,976	
Insurance - other		1,367	
Employee development		11,639	
Printing and postage		13,613	
Computers and small equipment		40,512	
Supplies		1,616	
Equipment rental		6,578	
Cares Relief Expense		33,655	
Miscellaneous		2,328	
	<u>451,585</u>	<u>337,284</u>	<u>114,301</u>
Finance:			
Salaries and employee benefits		123,807	
Professional services		27,040	
Departmental supplies		6,535	
Bank charges		17,260	
Sales tax		25,547	
Miscellaneous		1,355	
	<u>335,578</u>	<u>201,544</u>	<u>134,034</u>
Public buildings:			
Salaries and employee benefits		416,896	
Insurance - other		22,230	
Utilities		106,873	
Building maintenance		29,425	
Janitorial supplies		7,143	
Landscaping		10,752	
Professional services		99,720	
Departmental supplies		23,979	
Dredging		143,944	
Beach access		49,216	
Capital outlay		460,321	
Miscellaneous		44,483	
	<u>1,630,391</u>	<u>1,414,982</u>	<u>215,409</u>
Total general government	<u>2,519,154</u>	<u>2,044,944</u>	<u>474,210</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		1,376,378	
Insurance - other		21,630	
Employee development		2,683	
Fuel		31,833	
Repairs and maintenance		18,131	
Printing and postage		1,849	
Departmental supplies		5,228	
Computers and small equipment		27,044	
Capital outlay		128,067	
Uniforms		7,098	
Marine patrol		8,583	
USDOJ/Vest grant		2,652	
Miscellaneous		19,787	
	<u>1,826,954</u>	<u>1,650,963</u>	<u>175,991</u>
Fire/EMS:			
Salaries and employee benefits		1,156,433	
Insurance-other		23,382	
Communication maintenance		4,465	
Employee development		9,221	
Fuel		8,604	
Equipment maintenance		1,067	
Capital outlay		161,250	
Postage		2,427	
Departmental supplies		4,768	
Fire prevention supplies		20,012	
Uniforms		7,876	
Vehicle maintenance		34,500	
EMS Collections		3,596	
Rescue supplies		23,128	
Computers and small equipment		5,666	
Miscellaneous		10,236	
	<u>1,583,560</u>	<u>1,476,631</u>	<u>106,929</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Building inspection			
Salaries and employee benefits		61,465	
Insurance - other		1,367	
Contract services		54,887	
Employee development		750	
Equipment maintenance		70	
Department supplies		6,130	
Miscellaneous		1,009	
	<u>131,940</u>	<u>125,678</u>	<u>6,262</u>
Rescue units:			
Departmental supplies		6,230	
Miscellaneous		124	
	<u>8,289</u>	<u>6,354</u>	<u>1,935</u>
Lifeguards:			
Salaries and employee benefits		55,316	
Departmental supplies		1,281	
Uniforms		1,831	
Miscellaneous		6,732	
	<u>103,410</u>	<u>65,160</u>	<u>38,250</u>
Total public safety	<u>3,654,153</u>	<u>3,324,786</u>	<u>329,367</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits and benefits		226,629	
Repairs and maintenance		841	
Paving/patching		56,699	
Traffic control devices		1,061	
Sidewalks		26,761	
Drainage		233,032	
Miscellaneous		789	
	<u>615,242</u>	<u>545,812</u>	<u>69,430</u>
Total transportation	<u>615,242</u>	<u>545,812</u>	<u>69,430</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Solid waste:			
Salaries and employee benefits		57,054	
Fuel		5,588	
Landfill		105,963	
Contract services		341,118	
Supplies		21,554	
Vehicle maintenance		13,971	
Other Insurance		1,733	
	<u>552,500</u>	<u>546,981</u>	<u>5,519</u>
Total environmental protection	<u>552,500</u>	<u>546,981</u>	<u>5,519</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits		162,296	
Insurance - other		1,602	
Advertising		1,637	
Contracted services		27,619	
Employee development		1,848	
Telephone and postage		2,426	
Departmental supplies		3,387	
Miscellaneous		488	
	<u>211,640</u>	<u>201,303</u>	<u>10,337</u>
Total economic and physical development	<u>211,640</u>	<u>201,303</u>	<u>10,337</u>
Public Services:			
Beach Access			
Salaries and employee benefits		21,475	
Parking supplies		14,965	
Building maintenance		8,174	
Department supplies		39,141	
Janitorial supplies		4,929	
Miscellaneous		6,759	
	<u>104,655</u>	<u>95,443</u>	<u>9,212</u>

Town of Atlantic Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Community Events/Recreation:			
Salaries and employee benefits		117,824	
Contracted services		1,375	
Supplies		35,256	
Community promotions		25,208	
Christmas event		40	
Beach music festival		2,518	
Flags and banners		14,542	
Street lights		12,307	
Miscellaneous		21,200	
	<u>281,745</u>	<u>230,270</u>	<u>51,475</u>
Total public services	<u>386,400</u>	<u>325,713</u>	<u>60,687</u>
Debt retirement:			
Principal		283,259	
Interest		9,188	
	<u>292,450</u>	<u>292,447</u>	<u>3</u>
Contingency	-	-	-
Total expenditures	<u>8,231,539</u>	<u>7,281,986</u>	<u>949,553</u>
Revenue over (under) expenditures	<u>(771,633)</u>	<u>429,802</u>	<u>1,201,435</u>
Other financing sources			
Transfers from other funds:			
Public utilities fund		321,351	
Cares Relief		33,655	
Transfers to other funds:			
Beach nourishment		(113,530)	
Public Safety & admin fund		(471,658)	
Insurance proceeds		7,530	
Total other financing sources (uses)	<u>\$ (329,041)</u>	<u>\$ (222,652)</u>	<u>\$ 106,389</u>
Fund balance appropriated	<u>1,100,674</u>	<u>-</u>	<u>1,100,674</u>
Net Change in fund balance	<u>\$ -</u>	<u>207,150</u>	<u>\$ 207,150</u>
Fund balances, beginning		4,359,138	
Fund balances, ending		<u>\$ 4,566,288</u>	

SPECIAL REVENUE FUNDS

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

Town of Atlantic Beach, North Carolina
Public Safety & Admin Complex Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Loan Proceeds	\$ 7,000,000		7,000,000	\$ 7,000,000	\$ -
Interest Earned	-	-	5,603	5,603	5,603
Total revenue	7,000,000	-	7,005,603	7,005,603	5,603
Expenditures:					
Economic and physical development:					
Engineering Fees	77,500		7,930	7,930	69,570
Architect	80,000	-	73,695	73,695	6,305
IT Infrastructure	125,000		-	-	125,000
Construction	7,104,158		2,459,971	2,459,971	4,644,187
Furniture & Fixtures (Detach)	85,000		-	-	85,000
Total expenditures	7,471,658	-	2,541,596	2,541,596	4,930,062
Other financing sources/(uses):					
Transfer (to)/from General Fund	471,658	-	471,658	471,658	-
Total other financing sources (uses)	471,658	-	471,658	471,658	-
Net change in fund balance	\$ -	\$ -	4,935,665	\$ 4,935,665	\$ 4,935,665
Fund balance, beginning			-		
Fund balance, ending			\$ 4,935,665		

Town of Atlantic Beach, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Total Nonmajor				
	Special Revenue Cares Act Relief Fund	Governmental Capital Project Fund	Post- Florence Renourishment	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ -	\$ 489,990	\$ -	\$ 489,990	\$ 489,990
Accounts receivable, net	-	-	-	-	-
Taxes receivable (net)	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total Assets	\$ -	\$ 489,990	\$ -	\$ 489,990	\$ 489,990
Liabilities and Fund Balances:					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources					
Property taxes receivable	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	-	489,990	-	489,990	489,990
Stabilization by State Statue	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total fund balances	-	489,990	-	489,990	489,990
Total liabilities, deferred inflows of resources, and fund balances					
	\$ -	\$ 489,990	\$ -	\$ 489,990	\$ 489,990

Town of Atlantic Beach, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021

	Total Nonmajor				
	Special Revenue Cares Act Relief Fund	Governmental Capital Project Fund	Post- Florence Renourishment	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:					
Restricted intergovernmental	\$ 33,655	\$ -	\$ 81,962	\$ 81,962	\$ 115,617
Investment earnings	-	676	-	676	676
Total revenues	<u>33,655</u>	<u>676</u>	<u>81,962</u>	<u>81,962</u>	<u>116,293</u>
Expenditures:					
Economic and physical development		-	81,962	81,962	81,962
Capital outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>81,962</u>	<u>81,962</u>	<u>81,962</u>
Excess (deficiency) of revenues over expenditures	<u>33,655</u>	<u>676</u>	<u>-</u>	<u>-</u>	<u>34,331</u>
Other Financing Sources (Uses):					
Installment purchase proceeds	-	-	-	-	-
Transfers in (out)	(33,655)	113,530	-	113,530	79,875
Total other financing sources (uses)	<u>(33,655)</u>	<u>113,530</u>	<u>-</u>	<u>113,530</u>	<u>79,875</u>
Net change in Fund Balance	-	114,206	-	114,206	114,206
Fund balances:					
Beginning of Year, July 1	-	375,784	-	375,784	375,784
End of year, June 30	<u>\$ -</u>	<u>\$ 489,990</u>	<u>\$ -</u>	<u>\$ 489,990</u>	<u>\$ 489,990</u>

Town of Atlantic Beach, North Carolina
Cares Act Relief Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental	\$	\$ 33,655	\$
Total revenues	<u>33,655</u>	<u>33,655</u>	<u>-</u>
Expenditures:			
Cares Act Relief		-	
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>33,655</u>	<u>33,655</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers from Other Funds		-	
Transfers to Other Funds	<u>(33,655)</u>	<u>(33,655)</u>	
Total Other Financing Sources (Uses)	<u>(33,655)</u>	<u>(33,655)</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Uses	-	-	-
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance:			
Beginning of Year, July 1		<u>-</u>	
End of Year, June 30		\$ <u>-</u>	

Town of Atlantic Beach, North Carolina
Capital Projects Fund - Non Major Governmental Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Interest income	\$ -	\$ 70,176	676	\$ 70,852
Occupancy tax income	147,470	100,000	-	100,000
Total revenue	147,470	170,176	676	170,852
Other financing sources/(uses):				
Transfer (to)/from General Fund	(147,470)	205,608	113,530	319,138
Total other financing sources (uses)	(147,470)	205,608	113,530	319,138
Net change in fund balance	\$ -	\$ 375,784	\$ 114,206	\$ 489,990
Fund balance, beginning			375,784	
Fund balance, ending			\$ 489,990	

Town of Atlantic Beach, North Carolina
Post-Florence Renourishment
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Carteret County Funding	\$ 8,040,925	\$ 7,661,504	81,962	\$ 7,743,466	\$ 297,459
Interest earned	-	-	-	-	-
Total revenue	8,040,925	7,661,504	81,962	7,743,466	297,459
Expenditures:					
Economic and physical development:					
Engineering Fees	500,000	450,045	36,607	486,652	13,348
Contingencies	284,110	-	-	-	284,110
Mobilization	1,380,650	1,380,650		1,380,650	-
Pumping & Placement	5,564,000	5,543,159	20,841	5,564,000	-
Dune Planting	175,150	175,150	-	175,150	-
Trawling	137,015	112,500	24,514	137,014	1
Total expenditures	8,040,925	7,661,504	81,962	7,743,466	297,459
Other financing sources/(uses):					
Transfer (to)/from General Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

ENTERPRISE FUNDS

Town of Atlantic Beach, North Carolina
Enterprise Fund - Public Utilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
Non-GAAP
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Utility Charges	\$ 1,233,547	\$ 1,303,828	\$ 70,281
Total operating revenues	1,233,547	1,303,828	70,281
Non-operating revenues:			
Interest earnings		3,045	
Availability fees		4,753	
Fire hydrants		5,400	
Late fees		20,250	
Storm water fees		477,155	
Connection fees		15,850	
Water capacity use fees		80,030	
Other		425	
Total non-operating revenues	586,750	606,908	20,158
Total revenues	1,820,297	1,910,736	90,439
Expenditures:			
Administration:			
Salaries		260,675	
Social Security		19,809	
Retirement		72,791	
Pension		13,304	
Insurance - health		44,565	
Workman's comp		5,701	
Communication		18,508	
Employee development		912	
Dues		4,839	
Professional Services		39,488	
Computers and small equipment		38,250	
Other		2,300	
Total administration	542,328	521,142	21,186

Town of Atlantic Beach, North Carolina
Enterprise Fund - Public Utilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
Non-GAAP
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Water treatment and distribution:			
Contracted services - maintenance		51,326	
Fuel		8,772	
Lab Analysis		23,935	
Repairs and maintenance - equipment		17,295	
Insurance - other		39,946	
Postage		15,930	
Utilities		50,780	
Building Maintenance		4,026	
Supplies - for operations		14,573	
Chemicals		103,365	
Supplies - for inventory		13,571	
Uniforms		2,512	
Other		15	
Vehicle maintenance		2,502	
Professional services		400,000	
Total water treatment and distribution	765,940	748,548	17,392
Debt Services:			
Principal retirement		35,671	
Interest		3,498	
Total debt services	39,365	39,169	196
Capital outlay:			
Total capital outlay	69,164	-	69,164
Total expenditures	1,416,797	1,308,859	107,938
Revenue over (under) expenditures	403,500	601,877	198,377

Town of Atlantic Beach, North Carolina
Enterprise Fund - Public Utilities Fund
Schedule of Revenues and Expenditures - Budget and Actual
Non-GAAP
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Other Financing Sources/(Uses)			
Proceeds from sale of assets			-
Fund balance appropriated	(61,252)	-	61,252
Transfer to General Fund	(342,248)	(321,351)	20,897
Total other financing (uses)	(403,500)	(321,351)	82,149
Revenues under expenditures and other financing sources (uses)	\$ -	280,526	\$ 280,526
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		-	
Principal payments		35,671	
Depreciation		(157,394)	
Change in accrued vacation pay		(231)	
(Increase) decrease in net pension liability		(33,745)	
Increase (decrease) in deferred outflows of resources for pensions		21,810	
(Increase) decrease in deferred inflows of resources for pensions		543	
Change in accrued OPEB		(27,391)	
Total reconciling items		(125,066)	
Change in net position		\$ 155,460	

OTHER SCHEDULES

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

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

Town of Atlantic Beach, North Carolina
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 01, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 3,271,865	\$ 3,267,977	\$ 3,888
2019-2020	5,072	-	4,785	287
2018-2019	111	-	66	45
2017-2018	103	-	93	10
2016-2017	22	-	10	12
2015-2016	-	-	-	-
2014-2015	8	-	-	8
2013-2014	-	-	-	-
	<u>\$ 5,316</u>	<u>\$ 3,271,865</u>	<u>\$ 3,272,931</u>	<u>\$ 4,250</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund

\$ 3,275,714

Reconciling items:

Interest collected

(6,669)

Taxes written off

3,886

Total ad valorem collections

\$ 3,272,931

Town of Atlantic Beach, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current					
year's rate	\$ 1,819,159,444	0.180	\$ 3,274,487	\$ 3,205,672	\$ 68,815
Total	<u>1,819,159,444</u>		<u>3,274,487</u>	<u>3,205,672</u>	<u>68,815</u>
Discoveries:					
Current year taxes	8,719,444	0.180	\$ 15,695	\$ 15,695	-
Total	<u>1,827,878,889</u>		<u>3,290,182</u>	<u>3,221,367</u>	<u>68,815</u>
Releases:	(10,176,111)	0.180	(18,317)	(18,317)	-
Total property valuation	<u>\$ 1,817,702,778</u>				
Net levy			3,271,865	3,203,050	68,815
Uncollected taxes at June 30, 2021			<u>(3,888)</u>	<u>(3,888)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,267,977</u>	<u>\$ 3,199,162</u>	<u>\$ 68,815</u>
Current levy collection percentage			<u>99.88%</u>	<u>99.88%</u>	<u>100.00%</u>

**Statistical Section
Unaudited**

Description of the Statistical Schedules

Contents	Pages
Financial Trends	76-79
These schedules contain trend information to assist users in understanding and assessing how the Town's financial position has changed over time.	
Revenue Capacity	80-85
These schedules contain information to assist users in understanding and assessing the factors affecting the Town's ability to generate its own-source revenues.	
Debt Capacity	86-89
These schedules present information to assist users in understanding and assessing the Town's debt burden and its ability to issue additional debt.	
Demographic and Economic Information	90-92
These schedules offer demographic and economic information to assist users in understanding the environment within which the Town operates.	
Operating Information	93-94
These schedules contain service and infrastructure data to assist readers in understanding and assessing how the Town's financial report relates to the services the Town provides and the activities it performs. Sources:	

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

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

Table 1

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net position:										
Net investment in capital assets	\$ 6,893,699	\$ 10,473,528	\$ 9,889,457	\$ 9,623,001	\$ 9,460,931	\$ 7,233,720	\$ 5,790,759	\$ 5,190,369	\$ 4,006,135	\$ 3,556,987
Restricted - Streets -P.Bill	247,782	326,125	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533
Restricted - State Statute	715,776	626,740	920,792	466,144	546,284	522,930	486,513	405,933	351,456	354,059
Unrestricted	6,367,046	1,640,364	1,415,441	1,381,771	2,139,816	3,697,071	4,360,854	4,099,790	4,877,637	4,932,707
Total net position	\$ 14,224,303	\$ 13,066,757	\$ 12,556,240	\$ 11,738,754	\$ 12,390,858	\$ 11,638,302	\$ 10,762,815	\$ 9,760,551	\$ 9,420,535	\$ 9,000,286
Business Type Activities										
Net position:										
Invested in capital assets, net of related debt	\$ 2,233,827	\$ 2,355,550	\$ 2,421,958	\$ 2,483,094	\$ 2,586,059	\$ 2,627,726	\$ 2,639,622	\$ 2,849,277	\$ 2,923,729	\$ 3,037,055
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,611,855	1,334,672	1,346,283	1,323,752	1,270,412	1,588,398	1,668,060	1,714,055	1,951,590	2,215,488
Total net position	\$ 3,845,682	\$ 3,690,222	\$ 3,768,241	\$ 3,806,846	\$ 3,856,471	\$ 4,216,124	\$ 4,307,682	\$ 4,563,332	\$ 4,875,319	\$ 5,252,543
Total Primary Government										
Net position:										
Invested in capital assets, net of related debt	\$ 9,127,526	\$ 12,829,078	\$ 12,311,415	\$ 12,106,095	\$ 12,046,990	\$ 9,861,446	\$ 8,430,381	\$ 8,039,646	\$ 6,929,864	\$ 6,594,042
Restricted - Streets -P.Bill	247,782	326,125	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533
Restricted - State Statute	715,776	626,740	920,792	466,144	546,284	522,930	486,513	405,933	351,456	354,059
Unrestricted	7,978,901	2,975,036	2,761,724	2,705,523	3,410,228	5,285,469	6,028,914	5,813,845	6,829,227	7,148,195
Total net position	\$ 18,069,985	\$ 16,756,979	\$ 16,324,481	\$ 15,545,600	\$ 16,247,329	\$ 15,854,426	\$ 15,070,497	\$ 14,323,883	\$ 14,295,854	\$ 14,252,829

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

Table 2

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Program revenues:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Government	458,411	473,612	458,774	246,602	176,750	170,194	160,112	135,328	107,870	105,156
Public Safety	655,756	740,254	536,865	593,458	696,489	645,932	726,246	511,600	532,682	503,019
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	-	-	-	-	99,087	82,451	-	-	58,641	60,995
Environmental Protection	623,510	632,847	635,911	620,392	538,977	534,696	531,006	525,441	517,538	518,760
Cultural and Recreation	121,783	91,825	133,696	84,923	-	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	646,595	8,066,499	1,160,384	166,832	58,699	197,194	302,200	217,777	267,984	266,272
Capital Grants & Contributions	98,655	-	-	-	371,884	487,900	-	-	-	-
General revenues:										
Property taxes	3,274,584	2,825,954	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669	2,819,505	2,835,564
Other taxes	-	-	-	66,749	5,395	6,955	1,562	13,951	22,742	23,181
Unrestricted intergovernmental revenues:										
Local option sales tax	1,456,436	1,196,104	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257	960,118	914,057
Utilities sales tax	306,324	308,166	317,054	305,925	304,233	324,601	309,061	205,112	188,339	184,028
Cable vision franchise tax	72,399	74,331	77,328	83,160	87,061	87,123	92,565	90,306	92,300	94,653
Telecommunications sales tax	23,257	23,195	28,430	30,995	33,801	34,098	40,513	42,142	44,151	47,493
Other intergovernmental revenues	7,342	7,587	7,517	10,956	11,084	10,919	11,677	11,090	10,930	11,475
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Other	19,595	92,910	145,163	76,703	27,811	15,014	103,838	27,946	55,431	26,372
Total Revenues	7,764,647	14,533,284	7,317,776	5,992,616	6,068,674	6,189,633	6,053,800	5,511,619	5,678,231	5,591,025
Expenses:										
General Government	1,695,721	1,910,570	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997	1,068,784	1,187,227
Public Safety	3,588,539	3,263,742	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342	2,888,154	3,093,509
Transportation	656,859	799,067	389,025	568,436	690,001	603,668	528,964	466,616	531,179	478,512
Economic & Physical Development	34,671	7,545,851	172,005	146,868	408,935	95,982	15,616	111,892	99,748	114,032
Environmental Protection	561,826	541,213	813,324	488,961	149,295	482,931	445,113	468,563	443,724	437,892
Cultural and Recreation	383,510	370,263	329,544	386,532	509,490	236,053	168,692	478,995	301,301	205,558
Interest on Long-Term Debt	7,326	16,117	15,381	22,218	29,050	34,327	42,337	49,099	81,425	103,169
Water	-	-	-	-	-	-	-	-	-	-
Total Expenses	6,928,452	14,446,823	6,711,448	5,713,551	6,032,591	5,572,792	5,017,210	5,274,504	5,414,315	5,619,899
Increase (decrease) in net position before transfers	836,195	86,461	606,328	279,065	36,083	616,841	1,036,590	237,115	263,916	(28,874)
Transfers	321,351	424,056	211,158	306,200	914,000	258,646	365,025	102,900	156,333	370,089
Increase (decrease) in net position	\$ 1,157,546	\$ 510,517	\$ 817,486	\$ 585,265	\$ 950,083	\$ 875,487	\$ 1,401,615	\$ 340,016	\$ 420,249	\$ 341,215

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

Table 2.1

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Program revenues:										
Charges for services-Water	\$ 1,907,691	\$ 1,814,316	\$ 1,524,792	\$ 1,634,484	\$ 1,790,537	\$ 1,448,973	\$ 1,435,891	\$ 1,188,448	\$ 1,133,273	\$ 1,150,477
Operating grants and contribution:	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	-
General revenues:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues:										
Local option sales tax	-	-	-	-	-	-	-	-	-	-
Carteret County ABC revenue	-	-	-	-	-	-	-	-	-	-
Utilities franchise tax	-	-	-	-	-	-	-	-	-	-
Cable vision franchise tax	-	-	-	-	-	-	-	-	-	-
Telecommunications sales tax	-	-	-	-	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Other	3,045	16,530	23,893	11,321	4,607	4,011	5,161	6,347	7,085	8,840
Total Revenues	1,910,736	1,830,846	1,548,685	1,645,805	1,795,144	1,452,984	1,441,052	1,194,795	1,140,358	1,159,317
Expenses:										
General Government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and Physical Developmen	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,433,925	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539
Total Expenses	1,433,925	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539
Increase (decrease) in net position before transfers	476,811	346,037	172,553	350,132	554,347	167,088	144,102	(209,087)	(220,891)	227,778
Transfers	(321,351)	(424,056)	(211,158)	(306,200)	(914,000)	(258,646)	(365,025)	(102,900)	(156,333)	(370,089)
Increase (decrease) in net position after transfers	\$ 155,460	\$ (78,019)	\$ (38,605)	\$ 43,932	\$ (359,653)	\$ (91,558)	\$ (220,923)	\$ (311,987)	\$ (377,224)	\$ (142,311)

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

Table 2.2

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Program revenues:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Government	458,411	473,612	458,774	246,602	176,750	170,194	160,112	135,328	107,870	105,156
Public Safety	655,756	740,254	536,865	593,458	696,489	645,932	726,246	511,600	532,682	503,019
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	-	-	-	-	99,087	82,451	-	-	58,641	60,995
Environmental Protection	623,510	632,847	635,911	620,392	538,977	534,696	531,006	525,441	517,538	518,760
Cultural and Recreation	121,783	91,825	133,696	84,923	-	-	-	-	-	-
Interest on Long Term Debt										
Water	1,907,691	1,814,316	1,524,792	1,634,484	1,790,537	1,448,973	1,435,891	1,188,448	1,133,273	1,150,477
Operating grants and contributions	646,595	8,066,499	1,160,384	166,832	58,699	197,194	302,200	217,777	267,984	266,272
Capital Grants & Contributions	98,655	-	-	-	371,884	487,900	-	-	-	-
General revenues:										
Property taxes	3,274,584	2,825,954	2,642,661	2,614,742	2,594,542	2,555,682	2,737,747	2,750,669	2,819,505	2,835,564
Other taxes	-	-	-	66,749	5,395	6,955	1,562	13,951	22,742	23,181
Unrestricted intergovernmental revenues:										
Local option sales tax	1,456,436	1,196,104	1,173,993	1,091,179	1,062,861	1,036,874	1,037,273	980,257	960,118	914,057
Utilities franchise tax	306,324	308,166	317,054	305,925	304,233	324,601	309,061	205,112	188,339	184,028
Cable vision franchise tax	72,399	74,331	77,328	83,160	87,061	87,123	92,565	90,306	92,300	94,653
Telecommunications sales tax	23,257	23,195	28,430	30,995	33,801	34,098	40,513	42,142	44,151	47,493
Other intergovernmental revenues	7,342	7,587	7,517	10,956	11,084	10,919	11,677	11,090	10,930	11,475
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-
Other	22,640	109,440	169,056	88,024	32,418	19,025	108,999	34,293	62,516	35,212
Total Revenues	9,675,383	16,364,130	8,866,461	7,638,421	7,863,818	7,642,617	7,494,852	6,706,414	6,818,589	6,750,342
Expenses:										
General Government	1,695,721	1,910,570	1,699,921	1,087,970	1,181,915	1,210,450	1,110,812	772,997	1,068,784	1,187,227
Public safety	3,588,539	3,263,742	3,292,248	3,012,566	3,063,905	2,909,381	2,705,676	2,926,342	2,888,154	3,093,509
Transportation	656,859	799,067	389,025	568,436	690,001	603,668	528,964	466,616	531,179	478,512
Economic and Physical Development	34,671	7,545,851	172,005	146,868	408,935	95,982	15,616	111,892	99,748	114,032
Environmental Protection	561,826	541,213	813,324	488,961	149,295	482,931	445,113	468,563	443,724	437,892
Cultural and Recreation	383,510	370,263	329,544	386,532	509,490	236,053	168,692	478,995	301,301	205,558
Interest on Long-Term Debt	7,326	16,117	15,381	22,218	29,050	34,327	42,337	49,099	81,425	103,169
Water	1,433,925	1,484,809	1,376,132	1,295,673	1,240,797	1,285,896	1,296,950	1,403,882	1,361,249	931,539
Total Expenses	8,362,377	15,931,632	8,087,580	7,009,224	7,273,388	6,858,688	6,314,160	6,678,386	6,775,564	6,551,438
Increase (decrease) in net position before transfers	1,313,006	432,498	778,881	629,197	590,430	783,929	1,180,692	28,028	43,025	198,904
Transfers										
Increase (decrease) in net position after transfers	\$ 1,313,006	\$ 432,498	\$ 778,881	\$ 629,197	\$ 590,430	\$ 783,929	\$ 1,180,692	\$ 28,029	\$ 43,025	\$ 198,904

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

Table 3

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Restricted for:										
State statute	\$ 715,776	\$ 626,740	\$ 920,792	\$ 466,144	\$ 546,284	\$ 522,930	\$ 486,513	\$ 405,933	\$ 351,456	\$ 354,059
Streets Powell bill	247,782	326,125	330,550	267,838	243,827	184,581	124,689	64,459	185,307	156,533
Unassigned, General Fund	3,602,730	3,406,273	2,992,109	2,899,567	2,584,031	3,909,063	4,707,935	4,342,286	5,115,741	5,024,380
Assigned - Subsequent										
Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Total	4,566,288	4,359,138	4,243,451	3,633,549	3,374,142	4,616,574	5,319,137	4,812,678	5,652,504	5,534,972
All other Governmental Funds										
Assigned, reported in:										
Beach Renourishment	489,990	375,784	194,222	219,175	217,007	216,485	215,967	236,473	235,828	338,035
Committed, reported in:										
Public Safety/Adm Complex	4,935,665	-	-	-	-	-	-	-	-	-
Total Fund Balances of Governmental Funds	\$ 9,991,943	\$ 4,734,922	\$ 4,437,673	\$ 3,852,724	\$ 3,591,149	\$ 4,833,059	\$ 5,535,104	\$ 5,049,151	\$ 5,888,332	\$ 5,873,007

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

Table 4

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
REVENUES										
Ad valorem taxes	\$ 3,275,714	\$ 2,825,248	\$ 2,645,079	\$ 2,619,334	\$ 2,594,908	\$ 2,559,319	\$ 2,748,662	\$ 2,750,085	\$ 2,827,985	\$ 2,814,843
Other taxes and licenses	-	-	-	-	5,395	6,955	1,562	13,951	22,742	23,181
Unrestricted intergovernmental	2,102,715	1,777,012	1,761,755	1,682,535	1,675,790	1,663,809	1,651,201	1,464,235	1,403,708	1,356,862
Restricted intergovernmental	758,300	8,079,799	1,190,484	114,492	430,583	686,895	177,662	99,986	260,084	257,236
Permits and fees	342,196	453,759	271,480	309,621	280,887	270,312	379,055	159,201	158,723	118,539
Sales and services	1,170,463	1,103,020	1,109,091	1,075,434	960,372	904,391	907,169	882,823	906,816	876,180
Investment earnings	12,065	49,934	67,016	28,752	13,768	8,896	8,114	9,434	15,735	25,239
Miscellaneous	172,231	200,830	197,142	129,136	93,294	86,576	95,566	112,809	56,792	78,610
Total revenues	7,833,684	14,489,602	7,242,047	5,959,304	6,054,997	6,187,153	5,968,991	5,492,524	5,652,585	5,550,690
EXPENDITURES										
Current:										
General government	1,537,406	1,695,505	1,610,860	1,203,976	1,140,399	1,247,370	1,030,216	985,726	1,009,350	1,139,634
Public safety	3,120,183	2,991,726	3,120,691	2,893,960	2,954,692	2,815,623	2,729,138	2,721,876	2,688,525	2,877,657
Transportation	253,273	314,476	449,348	443,292	1,042,595	474,525	561,307	479,020	512,795	469,745
Environmental Protection	546,981	528,654	802,133	462,519	452,712	456,520	471,181	458,579	443,423	436,142
Economic & Physical Development	283,265	7,856,493	172,510	147,520	132,999	123,895	92,852	90,427	95,130	113,027
Public Services	325,713	313,064	126,226	307,421	433,124	249,100	168,692	201,953	276,865	200,321
Capital outlay	3,546,276	606,211	430,580	196,467	1,679,934	1,398,275	502,222	1,111,282	779,645	134,285
Debt service:										
Principal	283,259	337,315	320,361	358,748	357,181	355,660	354,155	352,676	300,734	446,717
Interest and other charges	9,188	15,941	17,656	24,493	31,313	38,087	44,846	51,578	92,391	107,995
Total expenditures	9,905,544	14,659,385	7,050,365	6,038,396	8,224,949	7,159,055	5,954,609	6,453,117	6,198,858	5,925,523
Revenue over (under) expenditures	(2,071,860)	(169,783)	191,682	(79,092)	(2,169,952)	(971,902)	14,382	(960,593)	(546,273)	(374,833)
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	906,539	424,056	211,158	306,200	914,000	258,646	386,084	102,900	259,510	370,089
Transfers to other funds	(585,188)	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	8,573	10,050	10,193	90,978	16,466	41,046	16,890
Proceeds from insurance proceeds	7,530	42,976	57,109	23,726	3,470	500	15,015	1,401	-	1,592
Proceeds from issuance of debt	7,000,000	-	125,000	-	-	-	-	-	363,249	-
Total other financing sources (uses)	7,328,881	467,032	393,267	338,499	927,520	269,339	492,077	120,767	663,805	388,571
Net change in fund balance	\$ 5,257,021	\$ 297,249	\$ 584,949	\$ 259,407	\$ (1,242,432)	\$ (702,563)	\$ 506,459	\$ (839,826)	\$ 117,532	\$ 13,738
Debt Service as a percentage of noncapital expenditures	4.60%	2.51%	5.11%	6.56%	5.94%	6.83%	7.32%	7.87%	7.64%	9.92%

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

Table 5

Fiscal Year Ending June 30	Real Property	Personal Property	Public Service Companies	Less Elderly Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value of Real Property
2012	1,579,468,406	44,360,560	5,469,687	823,322	1,628,475,331	0.170	1,776,313,574	109.36%
2013	1,580,538,840	46,548,292	5,258,224	1,308,472	1,631,036,884	0.170	1,778,975,319	109.36%
2014	1,581,876,781	44,062,526	5,070,562	1,324,350	1,629,685,519	0.165	1,762,879,544	108.42%
2015	1,583,650,114	69,565,997	4,887,773	1,324,350	1,656,779,534	0.165	1,789,806,144	108.40%
2016	1,460,634,761	81,552,851	5,402,610	1,096,445	1,546,493,777	0.165	1,545,909,523	99.96%
2017	1,475,519,789	88,241,025	5,481,832	1,143,276	1,568,099,370	0.165	1,555,114,796	99.12%
2018	1,484,089,281	96,081,946	5,503,545	1,170,855	1,584,503,917	0.165	1,562,539,396	98.52%
2019	1,495,293,902	69,543,928	5,577,865	1,209,365	1,569,206,330	0.165	1,475,152,344	93.71%
2020	1,457,167,282	108,227,052	5,622,403	1,305,678	1,569,711,059	0.180	1,572,860,932	90.88%
2021	1,704,357,125	70,084,447	5,406,615	368,312	1,779,479,875	0.180	Not available	Not available

Source: Carteret County Tax Scrolls

Notes:

1. The NC General Statutes require a revaluation of real property at least every eight years. Real property is valued at 100% of estimated value as of the date of the latest revaluation. The last revaluation was effective for the fiscal year ending June 30, 2021.
2. Personal property is valued at 100% of estimated value.
3. Public service property is generally valued at 100% of estimated value. It may be valued at less than 100% in years in which the County's sales to assessment ratio on real property is less than 80%.
4. The Town bills and collects property taxes for real, public service, non-registered motor vehicles and personal property. Property taxes for registered motor vehicles on behalf of the Town are billed and collected under the NC Tax & Tag Program. The values reported above include property taxes billed and collected by the Town and North Carolina.

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

Table 6

<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Direct</u> <u>Rate</u> <u>Atlantic Beach</u>	<u>Overlapping</u> <u>Rate</u> <u>Carteret County</u>	<u>Total Direct</u> <u>& Overlapping</u> <u>Rates</u>
2012	0.17	0.30	0.47
2013	0.17	0.29	0.46
2014	0.165	0.29	0.46
2015	0.165	0.30	0.47
2016	0.165	0.30	0.47
2017	0.165	0.31	0.48
2018	0.165	0.31	0.48
2019	0.165	0.31	0.48
2020	0.180	0.31	0.49
2021	0.180	0.33	0.51

Notes:

1. Source of County tax rates - Carteret County tax office
2. Atlantic Beach does not set property tax rates by various components, such as by operations and debt service.

**Town of Atlantic Beach
Principal Property Tax Payers
June 30, 2021**

Table 7

	FY 2021			FY 2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlantic Newport Hospitality LLC	20,926,723	1	1.18%			
Atlantic Station Prtnr LLC	11,765,694	2	0.66%	13,086,961	2	0.58%
Dunes Club, Inc	10,454,740	3	0.59%	12,014,101	3	0.53%
East Fort Macon Road LLC	9,083,144	4	0.51%			
Oceanana Resort LLC	8,699,926	5	0.49%	5,060,981	8	0.22%
Coral Bay Club, Inc.	8,253,632	6	0.46%	7,955,562	6	0.35%
Crow Nest Yacht Club, Inc.	6,871,670	7	0.39%	8,035,000	5	0.35%
Duke Energy Progress Inc	3,351,131	8	0.19%			
Williamson Charles Donald	3,128,794	9	0.18%			
Pelican Park Assn	3,102,603	10	0.17%			
GR&S Atlantic Beach LLC				21,764,283	1	0.96%
Bunn Fred M Etal				8,657,974	4	0.38%
Crosswinds of Atlantic Bch LLC				6,034,752	7	0.27%
Ned T Grady Etux Etal				3,925,711	9	0.17%
James H Pou Bailey Jr				3,358,378	10	0.15%
	<u>\$85,638,057</u>		<u>4.81%</u>	<u>\$89,893,703</u>		<u>3.95%</u>

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

Table 8

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent <u>Years</u>	Total Collections to Date	
		<u>Amount Collected</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2012	2,769,501	2,748,169	99.23%	18,855	2,767,024	99.91%
2013	2,777,939	2,767,352	99.62%	8,210	2,775,562	99.91%
2014	2,696,648	2,687,724	99.67%	8,583	2,696,308	99.99%
2015	2,692,663	2,688,525	99.85%	3,804	2,692,329	99.99%
2016	2,506,890	2,502,007	99.81%	3,842	2,505,848	99.96%
2017	2,543,583	2,538,710	99.81%	3,432	2,542,143	99.94%
2018	2,566,717	2,562,004	99.82%	3,585	2,565,589	99.96%
2019	2,588,647	2,586,235	99.91%	1,633	2,587,868	99.97%
2020	2,767,229	2,762,157	99.82%	4,696	2,766,853	99.99%
2021	3,203,050	3,199,162	99.88%	0	3,199,162	99.88%

Source: Town of Atlantic Beach Tax Reports

**Town of Atlantic Beach
Computation of Legal Debt Margin
June 30, 2021**

Table 9

Total Assessed Valuation	\$ 1,817,702,778
Legal Debt Margin:	
Debt Limit 8% of Total Assessed Value	145,416,222
Amount of Debt Applicable to Debt Limit	<u>7,092,393</u>
Legal Debt Margin	<u><u>\$ 138,323,829</u></u>

Town of Atlantic Beach
Computation of Direct and Overlapping Debt
June 30, 2021

Table 10

	Long-Term Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	\$ 7,092,393	100%	\$ 7,092,393
Overlapping:			
Carteret County	16,350,000	11.02%	1,802,420
	<u>\$ 23,442,393</u>		<u>\$ 8,894,813</u>

Town's assessed valuation	\$ 1,817,702,778
County's assessed valuation	\$ 16,488,635,759
	11.02%

Notes:

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

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

Table 11

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>General Bonded</u> <u>Debt Outstanding</u>	<u>Population</u> <u>Estimate (1)</u>	<u>GO Debt</u> <u>Per Capita</u>
2012	0	1,506	0
2013	0	1,504	0
2014	0	1,517	0
2015	0	1,510	0
2016	0	1,511	0
2017	0	1,501	0
2018	0	1,497	0
2019	0	1,499	0
2020	0	1,495	0
2021	0	1,362	0

Notes:

1. NCOSBM Certified Municipal Population Estimates

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

Table 12

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	<u>Population Estimate (1)</u>	<u>Total Debt Per Capita</u>	<u>Personal Income (2)</u>	<u>Total Debt % of Personal Income</u>
	<u>General Bonded Debt Outstanding</u>	<u>Installment Contracts</u>	<u>General Bonded Debt Outstanding</u>	<u>Installment Contracts</u>					
2012	-	2,624,231	-	-	2,624,231	1,506	1,743	2,824,360	0.09%
2013	-	2,686,746	-	-	2,686,746	1,504	1,786	2,888,870	0.09%
2014	-	2,334,070	-	-	2,334,070	1,517	1,539	3,021,043	0.08%
2015	-	1,979,915	-	-	1,979,915	1,510	1,311	3,044,352	0.07%
2016	-	1,624,255	-	-	1,624,255	1,511	1,075	3,172,812	0.05%
2017	-	1,267,075	-	250,000	1,517,075	1,501	1,011	3,297,436	0.05%
2018	-	908,329	-	216,866	1,125,195	1,497	752	3,431,692	0.03%
2019	-	712,968	-	182,907	895,875	1,499	598	3,583,559	0.02%
2020	-	375,653	-	148,103	523,756	1,495	350	N/A	N/A
2021	-	7,092,393	-	112,432	7,204,825	1,362	5,290	N/A	N/A

Notes:

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

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

Table 13

<u>Fiscal Year Ended June 30,</u>	<u>Estimated Population (1)</u>	<u>Unemployment Ratio % (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Personal Income (3)</u>
2012	1,506	9.3	41,761	2,824,360
2013	1,504	8.5	42,214	2,888,870
2014	1,517	5.5	43,903	3,021,043
2015	1,510	6.0	44,199	3,044,352
2016	1,511	4.8	46,056	3,172,812
2017	1,501	3.9	47,871	3,297,436
2018	1,497	4.0	49,360	3,431,692
2019	1,499	4.6	51,582	3,583,559
2020	1,495	5.7	N/A	N/A
2021	1,362	4.1	N/A	N/A

Notes:

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

**Town of Atlantic Beach
Principal Employers
June 30, 2021**

Table 14

<u>Employer</u>	Calendar Year 2020			Calendar Year 2011		
	Employees (FTE's)	Rank	Percentage of Total Employment	Employees (FTE's)	Rank	Percentage of Total Employment
Carteret Health Care	1000+	1	N/A	1000+	2	N/A
Carteret County Board of Education	1000+	2	N/A	1000+	1	N/A
County of Carteret	500-999	3	N/A	500-999	4	N/A
Wal-Mart Associates, Inc	250-499	4	N/A	250-499	5	N/A
Lowes Home Improvement	250-499	5	N/A	250-499	8	N/A
Carteret Community College	250-499	7	N/A	250-499	6	N/A
Food Lion, LLC	250-499	6	N/A	100-249	10	N/A
Lowes Food Stores	100-249	8	N/A	100-249	9	N/A
Bally Refrigerated Boxes Inc	100-249	9	N/A			
Town of Morehead City	100-249	10	N/A			
State of North Carolina				500-999	3	N/A
US Coast Guard				250-499	7	N/A

Notes:

1. 2020 was most recent year for which information is available and includes full-time and part-time workers.
2. Source of information is the North Carolina Dept of Commerce. Information is available at the county level and presented on that basis.
3. N/A = Information not available.

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

Table 15

Functions/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	3	3	3	3	3	3	3	3	3	3
Public Buildings (1)	6	8	8	8	8	8	8	8	8	8
Public Safety:										
Police	17	17	17	18	18	18	18	18	18	19
Communications	0	0	0	0	0	0	0	0	0	0
Fire/EMS	14	14	14	14	14	14	14	14	14	14
Inspections	1	1	1	1	2	2	3	2	2	2
Transportation:										
Streets and Highways (1)	4	8	8	8	8	8	8	8	8	8
Economic & Physical Development:										
Planning	2	2	2	2	2	2	1	1	1	1
Environmental Protection:										
Solid Waste	1	1	1	1	1	1	1	1	1	1
Cultural & Recreation:										
Parks and Recreation	1	1	1	0	0	0	0	0	0	0
Water:										
Operations	4	4	4	4	4	4	4	4	4	4
Total	56	62	62	62	63	63	63	62	62	63

Notes:

1. Work-release inmates and contract-labor inmates included in FTE calculations. FY2021 did not utilize inmates due to COVID-19 precautions.

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

Table 16

Functions/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety:										
Police calls answered	27,057	36,118	30,423	19,588	43,688	54,639	61,646	52,325	30,462	36,382
Fire calls answered	575	419	675	521	633	633	823	734	574	614
EMS calls answered	675	525	665	617	651	632	518	548	509	500
Lifeguard calls answered	49	131	160	119	130	82	235	241	154	133
Transportation: (Streets & Highways)										
Miles of streets maintained	23.45	23.45	23.45	23.45	23.45	23.43	23.43	23.43	22.93	22.93
Environmental Protection: (Solid Waste & Sanitation)										
Solid waste collected (tons)	1,956	2,023	1,966	1,605	1,736	1,736	1,553	1,606	1,595	1,726
Recyclables collected (tons)	295	288	216	261	231	213	197	215	197	167
Yard debris collected (tons)	119	176	122	197	179	125	351	458	404	434
Public beach accesses (improved w/ structures)	20	20	20	20	20	17	16	16	15	15
Public beach accesses (unimproved)	2	2	2	2	2	3	4	4	4	3
Public beachfront maintained (miles)	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water:										
Number of customers served	7,098	7,098	7,151	7,160	7,147	7,106	7,089	6,969	6,980	6,984
Ave. daily consumption - summer (gallons)	786,616	692,739	888,148	843,447	770,236	845,710	839,260	857,890	796,674	892,126
Ave. daily consumption - winter (gallons)	389,348	363,293	510,016	456,104	380,369	395,732	427,879	414,953	401,830	410,725

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

Table 17

<u>Functions/Program</u>	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Public beach accesses (improved w/ structures)	20	20	20	20	20	17	16	16	15	15
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	19	19	22	20	20	20	20	20	20	20
Number of patrol boats	1	1	2	2	2	2	2	2	2	2
Number of fire/EMS stations	1	1	1	1	1	1	1	1	1	1
Number of engines	2	2	2	2	2	2	2	2	2	2
Number of ambulances	2	2	2	2	2	2	2	2	2	2
Number of rescue trucks	1	1	1	1	1	1	1	1	1	1
Number of rescue boats	1	1	1	1	1	1	1	1	1	1
Transportation: (Streets & Highways)										
Miles of streets	23.45	23.45	23.45	23.45	23.45	23.43	23.43	23.43	22.93	22.93
Environmental Protection: (Solid Waste & Sanitation)										
Number of yard waste trucks	2	2	2	2	2	2	2	2	2	2
Number of backhoes	2	2	2	2	2	2	2	2	2	2
Water:										
Number of Wells	7	7	7	7	7	6	6	6	6	6
Number of water tanks	3	3	3	3	3	3	3	3	3	3
Capacity of water tanks (gallons each)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Daily max. pumping capacity of wells (gal/day)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Miles of water mains	50	50	50	50	50	50	50	50	50	50

Compliance Section

- Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed in Accordance with *Governmental Auditing Standards*
- Schedule of Findings and Questioned Costs



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Atlantic Beach's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Wilmington, North Carolina

October 15, 2021

Town of Atlantic Beach, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021

Section I.	Summary of Auditor's Results
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Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? ___yes Xno

Town of Atlantic Beach, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021

Section II - Financial Statement Findings

None.

Town of Atlantic Beach, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2021

Section II - Financial Statement Findings

None.