

**REVIEWED**

*By SLGFD at 4:22 pm, Jan 04, 2022*

**TOWN OF SWANSBORO  
NORTH CAROLINA  
  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
  
FOR THE YEAR ENDED JUNE 30, 2021**

**GREGORY T. REDMAN, CPA  
TARBORO, NORTH CAROLINA**

Financial Statements  
Town of Swansboro  
Swansboro, North Carolina

Board of Commissioners

John Davis, Mayor  
Frank Tursi, Mayor Pro Tem  
Laurent Meilleur  
Larry Philpott  
Harry Pugliese  
Patricia Turner

Administrative Staff

Sonia Johnson, Finance Director

**Town of Swansboro, North Carolina  
Table of Contents  
June 30, 2021**

**Page**

**Financial Section:**

Independent Auditor's Report	1
Management's Discussion and Analysis	4

**Basic Financial Statements:**

Government-wide Financial Statements:

Exhibit 1	Statement of Net Position	16
Exhibit 2	Statement of Activities	17

Fund Financial Statements:

Exhibit 3	Balance Sheet - Governmental Funds	18
Exhibit 3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Exhibit 4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Exhibit 4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund and Major Capital Project Fund	22
Exhibit 6	Statement of Fund Net Position – Proprietary Funds	24
Exhibit 7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	25
Exhibit 8	Statement of Cash Flows – Proprietary Funds	26

Notes to the Financial Statements	27
-----------------------------------	----

**Town of Swansboro, North Carolina  
Table of Contents  
June 30, 2021**

**Page**

**Required Supplemental Financial Data:**

Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees’ Retirement System	60
Schedule of Contributions – Local Government Employees’ Retirement System	61
Schedule of Changes in Total Pension Liability – Law Enforcement Officers’ Special Separation Allowance	62
Schedule of Total Pension Liability as a Percentage of Covered Payroll	63
Schedule of Changes in the Total OPEB Liability and Related Ratios	64

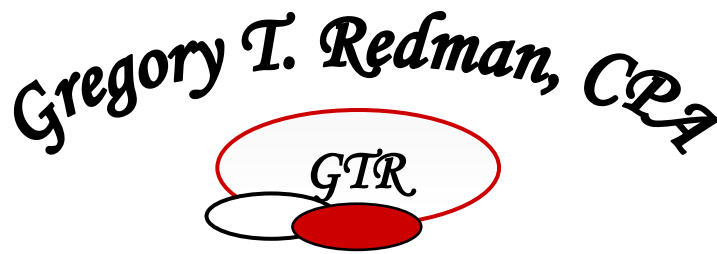
**Individual Fund Statements and Schedules:**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Reserve Fund	72
Combining Balance Sheet - Non-major Governmental Funds	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-major Governmental Funds	74
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Parks & Recreation Reserve Fund	75
Waterfront Plan Implementation Project Fund	76
Information Technology Project Fund	77
Municipal Park Improvements Project Fund	78
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Stormwater Fund	79
Solid Waste Fund	80

**Town of Swansboro, North Carolina  
Table of Contents  
June 30, 2021**

	<b><u>Page</u></b>
<b>Other Schedules:</b>	
Schedule of Ad Valorem Taxes Receivable	81
Analysis of Current Tax Levy - Town-wide Levy	82
<b>Compliance Section:</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83

## **Financial Section**



Member  
North Carolina Association of  
Certified Public Accountants

Member  
American Institute of  
Certified Public Accountants

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Commissioners  
Swansboro, North Carolina

#### **Report on the Financial Statements**

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

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Swansboro Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

## ***Opinions***

In my opinion, based on my 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Swansboro, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, 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, Other Postemployment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System's Schedules of 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 required 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

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

The combining and individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates 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 me. In my opinion, based on my audit, the procedures performed as described above, the combining and individual fund 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*, I have also issued my report dated November 15, 2021 on my consideration of Town of Swansboro, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my 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 Town of Swansboro, North Carolina's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gregory S. Redman, CPA". The signature is written in a cursive style with a large, stylized 'G' and 'R'.

Tarboro, North Carolina  
November 15, 2021

## **Management's Discussion and Analysis**

## **Management's Discussion and Analysis**

As management of the Town of Swansboro, we offer readers of the Town of Swansboro's financial statements this narrative overview and analysis of the financial activities of the Town of Swansboro 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**

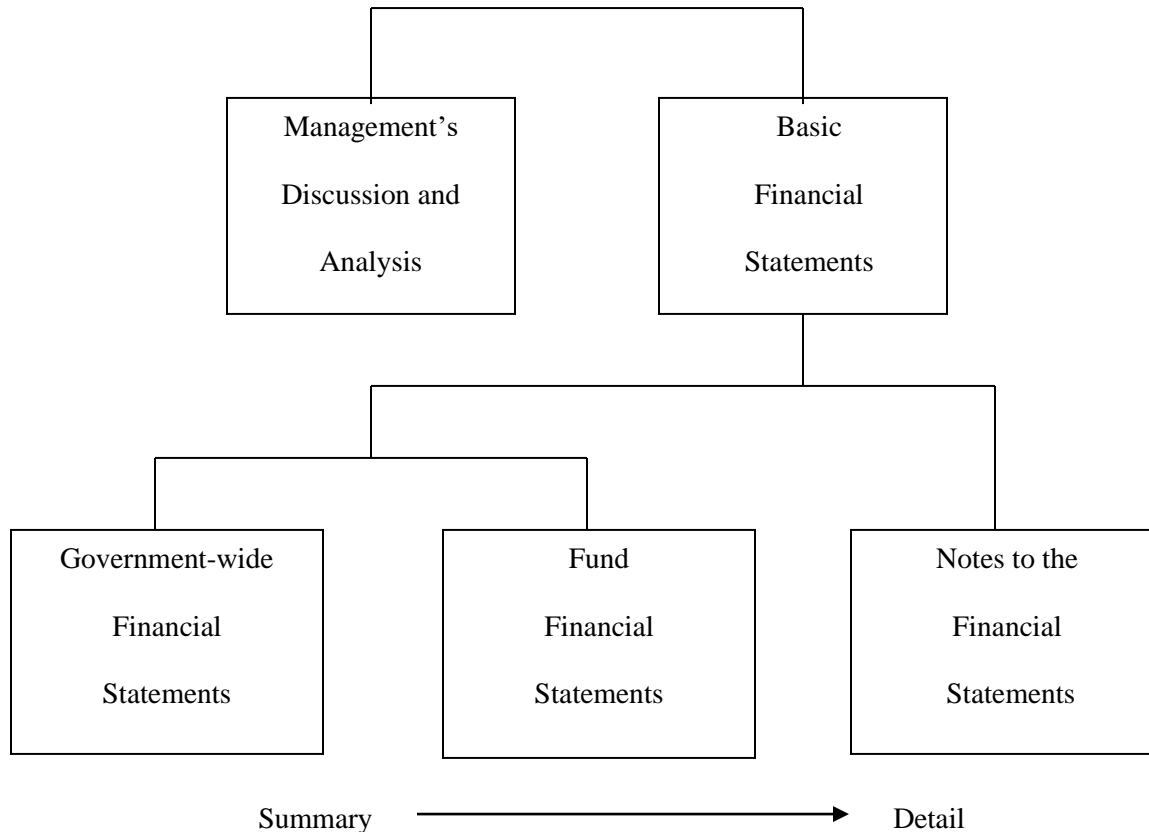
Highlights of the Town's fiscal year ended June 30, 2021 include:

- The assets of the Town of Swansboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,173,200(*net position*)
- The government's total net position increased by \$379,371.
- As of the close of the current fiscal year, the Town of Swansboro's governmental funds reported combined ending fund balances of \$3,850,899 an increase of \$551,827 in comparison with the prior year. Approximately 64 percent of this total amount, or \$2,432,008 is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,432,008, or 52 percent of total general fund expenditures for the fiscal year.
- Property and sales taxes are the two largest sources of revenues within the Town's governmental fund.
- The Town has achieved the Certificate of Achievement for Excellence in Financial Reporting for the 25th consecutive year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Town of Swansboro'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 Swansboro.

**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 5-A) 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 about the Net Pension Liability, Law Enforcement Officer's Special Separation Allowance, and the Town's Health Care Plan. A section follows 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.

## **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 three categories: 1) governmental activities and 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, other taxes, and intergovernmental revenues principally support these activities. The business-type activities are those that the Town charges customers to provide. These include stormwater and solid waste services offered by the Town of Swansboro. The final category is the component unit. Although legally separate from the Town, the Swansboro Tourism Development Authority is important to the Town. The Town exercises control over the Authority by appointing its members and the Town is responsible for the collection and accounting of all funds remitted to or disbursed by the Authority.

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 Swansboro 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 Swansboro 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between 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 Swansboro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Because the Town's budgetary basis of accounting does not differ from the modified accrual basis used in the funds statements, reconciliation is not necessary at the end of the statement.

**Proprietary Funds** –The Town of Swansboro has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Swansboro uses enterprise funds to account for its stormwater and solid waste activity operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27-59 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Swansboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 60-64 of this report.

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

## Government-Wide Financial Analysis

**Town of Swansboro's Net Position**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 4,666,799	\$ 3,891,926	\$ 163,641	\$ 104,981	\$ 4,830,440	\$ 3,996,907
Capital and other noncurrent assets	7,053,832	7,182,468	-	239,822	7,053,832	7,422,290
Total assets	<u>\$11,720,631</u>	<u>\$11,074,394</u>	<u>\$ 163,641</u>	<u>\$ 344,803</u>	<u>\$11,884,272</u>	<u>\$11,419,197</u>
Deferred outflows of resources	\$ 710,088	\$ 377,898	\$ 24,842	\$ 18,412	\$ 734,930	\$ 396,310
Long-term liabilities	\$ 2,898,586	\$ 2,527,941	\$ 85,184	\$ 56,843	\$ 2,983,770	\$ 2,584,784
Other liabilities	1,065,007	829,019	33,974	37,448	1,098,981	866,467
Total liabilities	<u>\$ 3,963,593</u>	<u>\$ 3,356,960</u>	<u>\$ 119,158</u>	<u>\$ 94,291</u>	<u>\$ 4,082,751</u>	<u>\$ 3,451,251</u>
Deferred inflows of resources	\$ 293,926	\$ 301,503	\$ 132	\$ 15,049	\$ 294,058	\$ 316,552
Net position:						
Net investment in capital assets	\$ 5,599,105	\$ 5,569,892	\$ 227,836	\$ 239,822	\$ 5,826,941	\$ 5,809,714
Restricted	1,169,631	691,177	-	-	1,169,631	691,177
Unrestricted	1,404,464	1,532,760	69,193	14,053	1,473,657	1,546,813
Total net position	<u>\$ 8,173,200</u>	<u>\$ 7,793,829</u>	<u>\$ 297,029</u>	<u>\$ 253,875</u>	<u>\$ 8,470,229</u>	<u>\$ 8,047,704</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Swansboro's government-wide activities exceeded its liabilities and deferred inflows by \$8,470,229 as of June 30, 2021.

The Town's net position increased by \$422,525 for the fiscal year ended June 30, 2021. The Town of Swansboro uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Swansboro's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Swansboro's net position, \$1,169,631, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,473,657 is unrestricted.

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

- Continued diligence by Onslow County in the collection of property taxes, achieving a tax collection rate of 99.34%.
- Continued success with the combined method of sales tax distribution, ad valorem and per capita which enhances our sales tax revenue.
- Due diligence in operational spending.

Management Discussion and Analysis  
Town of Swansboro

**Changes in net position-** The following table presents the Town's changes in net position for the fiscal year ended June 30, 2021:

**Town of Swansboro Changes in Net Position**

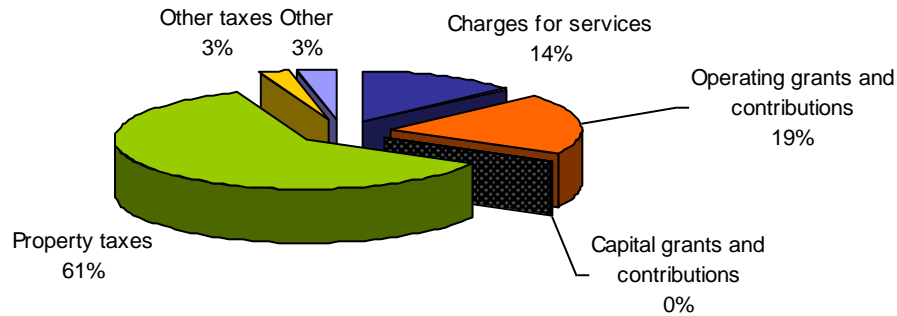
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 493,238	\$ 410,080	\$ -	\$ 436,631	\$ 493,238	\$ 846,711
Operating grants and contributions	584,617	417,820	-	-	584,617	417,820
Capital grants and contributions	9,474	50,508	-	-	9,474	50,508
General revenues:						
Property taxes	1,827,866	1,745,281	-	-	1,827,866	1,745,281
Other taxes	78,930	71,088	-	-	78,930	71,088
Grants and contributions not restricted to specific programs	1,473,942	1,268,190	-	-	1,473,942	1,268,190
Other	98,952	407,162	-	-	98,952	407,162
Total revenues	<u>\$ 4,567,019</u>	<u>\$ 4,370,129</u>	<u>\$ -</u>	<u>\$ 436,631</u>	<u>\$ 4,567,019</u>	<u>\$ 4,806,760</u>
Expenses:						
General government	\$ 700,524	\$ 939,050	\$ -	\$ -	\$ 700,524	\$ 939,050
Public safety	2,266,322	1,989,854	-	-	2,266,322	1,989,854
Transportation	449,106	276,500	-	-	449,106	276,500
Economic development	143,597	145,233	-	-	143,597	145,233
Environmental protection	-	-	-	-	-	-
Cultural and recreation	369,351	342,413	-	-	369,351	342,413
Other	221,532	187,429	-	-	221,532	187,429
Interest on long-term debt	9,706	41,269	-	-	9,706	41,269
Stormwater	-	-	117,630	123,764	117,630	123,764
Solid Waste	-	-	405,335	335,165	405,335	335,165
Total expenses	<u>\$ 4,160,138</u>	<u>\$ 3,921,748</u>	<u>\$ 522,965</u>	<u>\$ 458,929</u>	<u>\$ 4,683,103</u>	<u>\$ 4,380,677</u>
Increase in net position before transfers and special items	\$ 406,881	\$ 448,381	\$ 15,643	\$ (22,298)	\$ 422,524	\$ 426,083
Transfers and special items	<u>(27,510)</u>	<u>(163,802)</u>	<u>27,511</u>	<u>163,802</u>	<u>1</u>	<u>-</u>
Increase in net position	\$ 379,371	\$ 284,579	\$ 43,154	\$ 141,504	\$ 422,525	\$ 426,083
Net position, July 1	7,793,829	7,509,250	253,875	112,371	8,047,704	7,621,621
Net position-beginning, restated	-	-	-	-	-	-
Net position, June 30	<u>\$ 8,173,200</u>	<u>\$ 7,793,829</u>	<u>\$ 297,029</u>	<u>\$ 253,875</u>	<u>\$ 8,470,229</u>	<u>\$ 8,047,704</u>

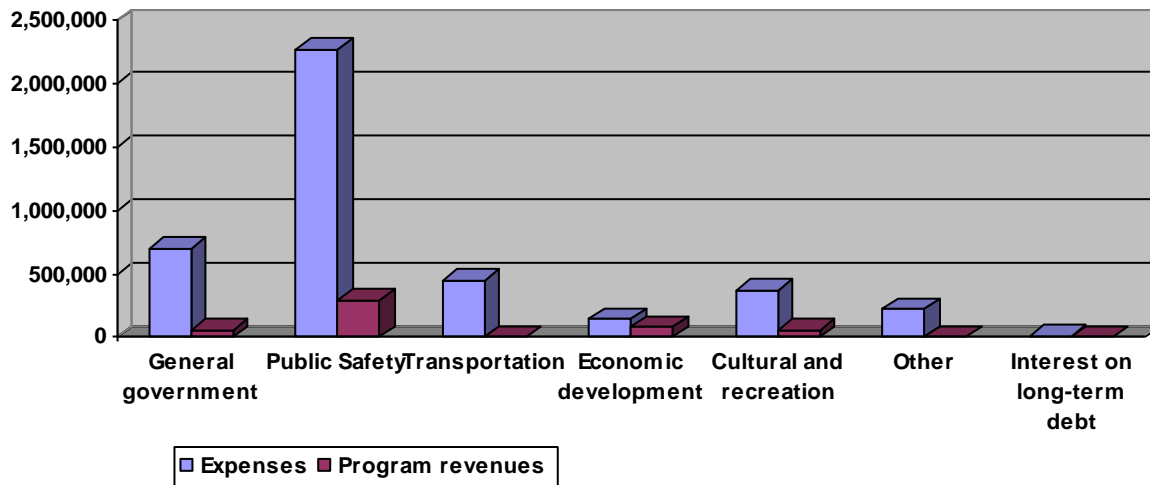


## Governmental Activities

**Revenues by Source – Governmental Activities**



**Expenses and Program Revenues – Governmental Activities**



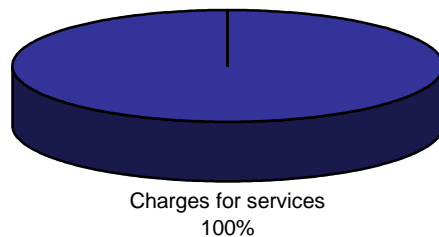
Total government-wide revenues were primarily derived from property taxes, other taxes, and grants and contributions not restricted to specific programs.

The total expenses of all programs cover a range of services, primarily public safety and general government.

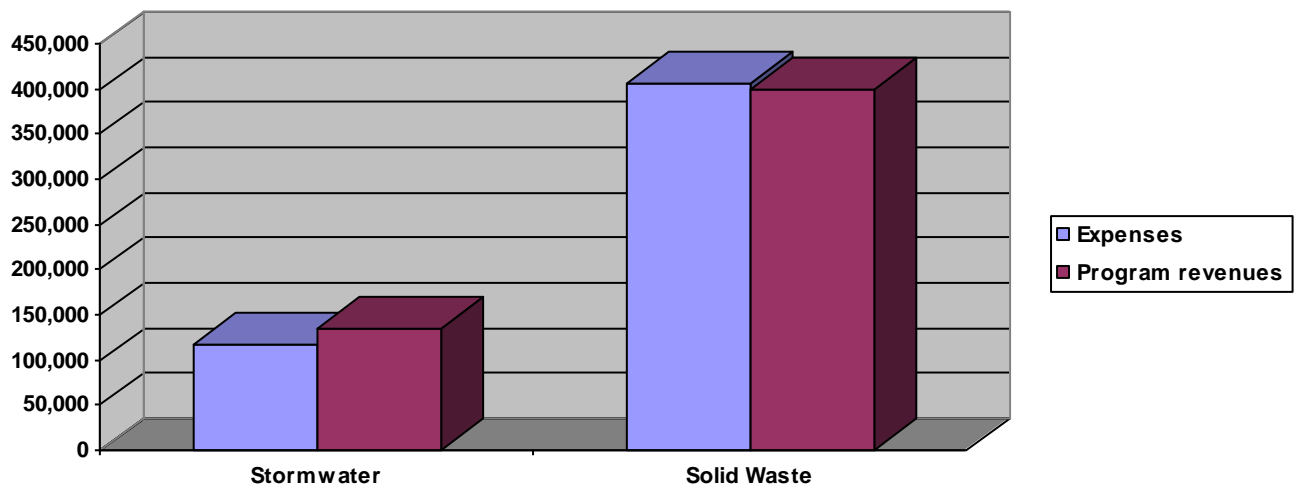
Governmental activities increased the Town's net position by \$379,371.

### Business – type Activities

**Revenues by Source – Business-type Activities**



**Expenses and Program Revenues – Business-type Activities**



Revenues from the business-type activities were derived from charges for services.

Expenses were mainly due to general operational costs for stormwater and solid waste.

Business-type activities increased the Town's net position by \$43,154.

### Financial Analysis of the Town's Funds

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

**Governmental Funds:** The focus of the Town of Swansboro's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Swansboro, North Carolina's financing requirements.

The general fund is the chief operating fund of the Town of Swansboro. At the end of the current fiscal year, the Town of Swansboro's fund balance available in the General Fund was \$2,432,008, while the total fund balance reached \$3,850,899. As a measure of the general fund's liquidity, fund balance was calculated in accordance with North Carolina General Statute 159-8(a). The Town currently has an available fund balance of 60% of general fund expenditures, while total fund balance represents 80% of the same amount.

At June 30, 2021, the governmental funds of Town of Swansboro reported a combined fund balance of \$3,850,899, a 17% increase from last year. This increase is associated with additional property tax revenue and a reduction in departmental expenditures.

**Proprietary Funds:** The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Stormwater and Solid Waste Fund at the end of the fiscal year amounted to \$69,193.

**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. Key differences between original and the final budget are as follows:

Appropriation from Fund Balance:

- Public Buildings - \$15,411 for building maintenance
- Police Department - \$8,790 for Bulletproof Vests.
- Finance Department - \$2,000 for additional costs for comprehensive operational software
- Fire Department - \$126,621 for personnel, re-appropriated for Air Cleaning Special Diesel Exhaust System, extrication equipment, set aside for future capital purchases, and boat repairs.
- Parks & Recreation - \$80,000, Ward Shore Permeable Parking Lot, Comprehensive Master Plan Update Project, and additional cost to purchase a Parks & Recreation interface function for the new comprehensive operational software.
- Emergency Management - \$65,000 for COVID-19 supplies, hurricane repairs, and upgraded computer hardware to improve telework capabilities
- Legal Department - \$5,000 for legal fees.
- Admin Services - \$6,315 for re-appropriated for ADA Plan
- Public Works Streets - \$170,305 for sidewalk construction, installation of Wayfinding signs, set aside for future capital purchases and to purchase a vehicle.
- Church Street Dock - \$6,122 for dock repairs due to Hurricane Isaias
- Admin Services - \$2,500 for Bogue Inlet Dredging
- Non-Departmental - \$19,000 for additional costs for IT Services.
- Personnel adjustments - \$58,385

Management Discussion and Analysis  
Town of Swansboro

Transfer to Capital Reserve:

- Non-Departmental - \$248,791 for future capital purchases

Transfer to Stormwater Enterprise Fund:

- \$13,774 for the purchase of new equipment

Transfer to Solid Waste Enterprise Fund:

- \$13,737 for the purchase of new equipment

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Swansboro's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$7,281,668 (net of accumulated depreciation). These assets include buildings, improvements other than buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions:

- HVAC Unit for Records Vault - \$5,200
- Public Works Vehicle - \$24,130
- Police Department Vehicle - \$19,505
- Fire Department Vehicle/Equipment - \$36,424
- Fire Resistant File Cabinet - \$5,399
- Air Cleaning Special Diesel Exhaust System - \$25,909
- Public Works Equipment - \$17,400

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 999,498	\$ 999,498	\$ -	\$ -	\$ 999,498	\$ 999,498
Buildings and systems	2,869,755	2,941,145	-	-	2,869,755	2,941,145
Improvements other than buildings	646,815	646,815	-	-	646,815	646,815
Machinery and equipment	251,682	215,750	227,836	239,822	479,518	455,572
Software	-	851	-	-	-	851
Vehicles and motorized equipment	680,360	735,800	-	-	680,360	735,800
Monuments	67,198	67,198	-	-	67,198	67,198
Infrastructure	818,196	905,742	-	-	818,196	905,742
Construction in progress	720,328	669,669	-	-	720,328	669,669
Total	<u>\$7,053,832</u>	<u>\$7,182,468</u>	<u>\$227,836</u>	<u>\$239,822</u>	<u>\$7,281,668</u>	<u>\$7,422,290</u>

Additional information on the Town's capital assets can be found in note III.A.4. of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2021, the Town of Swansboro had total debt outstanding of \$1,454,727.

**Town of Swansboro's Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment notes	\$ 1,454,727	\$ 1,612,576	\$ -	\$ -	\$ 1,454,727	\$ 1,612,576

The Town of Swansboro's total debt decreased by \$157,849 during the past fiscal year.

Additional information on the Town's long-term debt can be found in note III.B.6. of the Basic Financial Statements.

#### **Economic Factors and Next Year's Budgets and Rates**

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

- Increase in property tax base due to increase in residential and business construction.
- Increased Stormwater Utility Fee rates for residential properties.
- Slight increase in funding received from Onslow County for Fire protection services.
- Increase in sales and use tax revenue.
- Current service levels maintained with the appropriation of fund balance.

All of these factors were considered in preparing the Town of Swansboro's budget for the 2021-2022 fiscal year.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities:** Property taxes, sales taxes, other tax revenues are expected to lead the increase in budgeted revenues. The Town will use these revenues to finance programs currently in place.

The Town has maintained current service levels with the appropriation of General Fund Balance.

The budget includes a stormwater and solid waste enterprise fund. This will eliminate further deterioration of the general fund and fund reserves to carry out these respective programs and services.

Budgeted expenditures in the General Fund are expected to decrease. The largest increments are in employee compensation, including funding compensation and benefits adjustments.

**Business-type Activities:** Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with the changes in service delivery costs as well as changes in methods or levels of service delivery.

**Requests for Information**

This financial report is designed to provide an overview of the Town of Swansboro's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town of Swansboro, Finance Director, 601 W. Corbett Avenue, Swansboro, NC 28584 or [sjohnson@ci.swansboro.nc.us](mailto:sjohnson@ci.swansboro.nc.us).

## **Basic Financial Statements**

**Town of Swansboro, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-type</b>		<b>Swansboro</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Tourism</b>
				<b>Development</b>
				<b>Authority</b>
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 4,061,658	\$ 102,698	\$ 4,164,356	\$ 131,589
Restricted cash	39,235	-	39,235	-
Account interest receivable on taxes	12,505	-	12,505	-
Taxes receivable (net)	26,394	-	26,394	-
Deposits	-	-	-	50
Internal balances	-	-	-	-
Accounts receivable (net)	527,007	60,943	587,950	11,991
Grants receivable	-	-	-	-
Total Current Assets	<u>\$ 4,666,799</u>	<u>\$ 163,641</u>	<u>\$ 4,830,440</u>	<u>\$ 143,630</u>
Non-current Assets:				
Capital Assets:				
Land and non-depreciable assets	1,787,024	-	1,787,024	-
Depreciable assets, net	5,266,808	227,836	5,494,644	-
Total Capital Assets	<u>\$ 7,053,832</u>	<u>\$ 227,836</u>	<u>\$ 7,281,668</u>	<u>\$ -</u>
Total Assets	<u><u>\$ 11,720,631</u></u>	<u><u>\$ 391,477</u></u>	<u><u>\$ 12,112,108</u></u>	<u><u>\$ 143,630</u></u>
<b>Deferred Outflows of Resources</b>				
Pension and OPEB deferrals	<u>\$ 710,088</u>	<u>\$ 24,842</u>	<u>\$ 734,930</u>	<u>\$ -</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ 738,503	\$ 33,372	\$ 771,875	\$ 754
Accrued interest payable	11,991	-	11,991	-
Other liabilities	-	-	-	-
Current portion long-term liabilities	314,513	602	315,115	-
Total Current Liabilities	<u>\$ 1,065,007</u>	<u>\$ 33,974</u>	<u>\$ 1,098,981</u>	<u>\$ 754</u>
Long-term liabilities:				
Due in more than one year	2,898,586	85,184	2,983,770	-
Total Long-term Liabilities	<u>\$ 2,898,586</u>	<u>\$ 85,184</u>	<u>\$ 2,983,770</u>	<u>\$ -</u>
Total Liabilities	<u><u>\$ 3,963,593</u></u>	<u><u>\$ 119,158</u></u>	<u><u>\$ 4,082,751</u></u>	<u><u>\$ 754</u></u>
<b>Deferred Inflows of Resources</b>				
Pension and OPEB deferrals	\$ 267,419	\$ 132	\$ 267,551	\$ -
Accrued interest payable	26,507	-	26,507	-
Total Current Liabilities	<u>\$ 293,926</u>	<u>\$ 132</u>	<u>\$ 294,058</u>	<u>\$ -</u>
<b>Net Position</b>				
Net investment in capital assets	\$ 5,599,105	\$ 227,836	\$ 5,826,941	\$ -
Restricted for:				
Stabilization by State Statute	527,007	-	527,007	11,991
Streets	24,325	-	24,325	-
Capital improvements	618,299	-	618,299	-
Unrestricted	1,404,464	69,193	1,473,657	130,885
Total Net Position	<u><u>\$ 8,173,200</u></u>	<u><u>\$ 297,029</u></u>	<u><u>\$ 8,470,229</u></u>	<u><u>\$ 142,876</u></u>

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



**Town of Swansboro, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Swansboro Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 700,524	\$ 57,994	\$ 331,097	\$ -	\$ (311,433)	\$ -	\$ (311,433)	
Public safety	2,266,322	295,995	170,995	-	(1,799,332)	-	(1,799,332)	
Transportation	449,106	-	80,205	-	(368,901)	-	(368,901)	
Economic development	143,597	79,096	-	9,474	(55,027)	-	(55,027)	
Environmental protection	-	-	2,320	-	2,320	-	2,320	
Cultural and recreation	369,351	60,153	-	-	(309,198)	-	(309,198)	
Other	221,532	-	-	-	(221,532)	-	(221,532)	
Interest on long-term debt	9,706	-	-	-	(9,706)	-	(9,706)	
Total Governmental Activities	\$ 4,160,138	\$ 493,238	\$ 584,617	\$ 9,474	\$ (3,072,809)	\$ -	\$ (3,072,809)	
Business-type Activities:								
Stormwater	\$ 117,630	\$ 133,961	\$ -	\$ -	\$ -	\$ 16,331	\$ 16,331	
Solid waste	405,335	399,232	-	-	-	(6,103)	(6,103)	
Total business-type activities	\$ 522,965	\$ 533,193	\$ -	\$ -	\$ -	\$ 10,228	\$ 10,228	
Total Primary Government	\$ 4,683,103	\$ 1,026,431	\$ 584,617	\$ 9,474	\$ (3,072,809)	\$ 10,228	\$ (3,062,581)	
Component Unit:								
Swansboro Tourism Development Authority	\$ 38,941	\$ -	\$ -	\$ -				\$ 38,941
General Revenues:								
Taxes:								
Property taxes					\$ 1,827,867	\$ -	\$ 1,827,867	\$ -
Other taxes					78,930	-	78,930	80,429
Grants and contributions not restricted to specific programs					1,473,942	-	1,473,942	-
Unrestricted investment earnings					1,080	-	1,080	-
Miscellaneous					97,872	5,415	103,287	1,336
Total General Revenues Not Including Transfers					\$ 3,479,691	\$ 5,415	\$ 3,485,106	\$ 81,765
Transfers					(27,511)	27,511	-	-
Total General Revenues and Transfers					\$ 3,452,180	\$ 32,926	\$ 3,485,106	\$ 81,765
Change In Net Position					379,371	43,154	422,525	42,824
Net position, beginning					7,793,829	253,875	8,047,704	100,052
Net position, ending					\$ 8,173,200	\$ 297,029	\$ 8,470,229	\$ 142,876

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

**Town of Swansboro, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>Major Funds</b>		<b>Non-Major Funds</b>	
	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,442,222	\$ 475,157	\$ 144,279	\$ 4,061,658
Restricted cash	39,235	-	-	39,235
Receivables, net:				
Taxes	26,394	-	-	26,394
Accounts	527,007	-	-	527,007
Grants	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	<u>\$ 4,034,858</u>	<u>\$ 475,157</u>	<u>\$ 144,279</u>	<u>\$ 4,654,294</u>
<b>Liabilities</b>				
Due to other governments	\$ 11,991	\$ -	\$ -	\$ 11,991
Accounts payable and accrued liabilities	737,366	-	1,137	738,503
Other liabilities	-	-	-	-
Total Liabilities	<u>\$ 749,357</u>	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ 750,494</u>
<b>Deferred Inflows of Resources</b>				
Property taxes receivable	\$ 26,394	\$ -	\$ -	\$ 26,394
Prepaid taxes	26,507	-	-	26,507
Total Deferred Inflows of Resources	<u>\$ 52,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,901</u>
<b>Fund Balances</b>				
Restricted:				
Stabilization by State Statute	\$ 527,007	\$ -	\$ -	\$ 527,007
Streets	24,325	-	-	24,325
Capital improvements	-	475,157	143,142	618,299
Assigned:				
Subsequent year's expenditures	249,260	-	-	249,260
Unassigned	2,432,008	-	-	2,432,008
Total Fund Balances	<u>\$ 3,232,600</u>	<u>\$ 475,157</u>	<u>\$ 143,142</u>	<u>\$ 3,850,899</u>
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 4,034,858</u>	<u>\$ 475,157</u>	<u>\$ 144,279</u>	<u>\$ 4,654,294</u>

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

**Town of Swansboro, North Carolina**  
**Reconciliation of the Balance Sheet of the**  
**Governmental Funds to the Statement of Net Position**  
**For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the Statement of the Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 3,850,899
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	10,804,204	
Accumulated depreciation	<u>(3,750,372)</u>	\$ 7,053,832
Deferred outflows of resources related to pensions are not reported in the funds		710,088
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.		12,505
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		(3,213,099)
Earned revenue considered deferred inflows of resources in fund statements		26,394
Deferred inflows of resources related to pensions are not reported in the funds		<u>(267,419)</u>
Net Position of Governmental Activities		<u><u>\$ 8,173,200</u></u>

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

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

	<u>Major</u>		<u>Non-Major Funds</u>	
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Reserve</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 1,838,055	\$ -	\$ -	\$ 1,838,055
Other taxes and licenses	78,930	-	-	78,930
Unrestricted intergovernmental	1,473,942	-	-	1,473,942
Restricted intergovernmental	584,617	-	87,100	671,717
Permits and fees	414,142	-	-	414,142
Sales and services	1,470	-	-	1,470
Investment earnings	1,080	-	-	1,080
Miscellaneous	96,142	-	-	96,142
Contributions	1,730	-	-	1,730
Total Revenues	<u>\$ 4,490,108</u>	<u>\$ -</u>	<u>\$ 87,100</u>	<u>\$ 4,577,208</u>
<b>Expenditures</b>				
Current:				
General government	\$ 880,797	\$ -	\$ -	\$ 880,797
Public safety	1,934,646	-	-	1,934,646
Transportation	363,173	-	-	363,173
Economic development	92,936	-	50,659	143,595
Cultural and recreational	286,572	-	-	286,572
Non-departmental	221,532	-	-	221,532
Debt service:				
Principal	268,549	-	-	268,549
Interest and other charges	9,706	-	-	9,706
Total Expenditures	<u>\$ 4,057,911</u>	<u>\$ -</u>	<u>\$ 50,659</u>	<u>\$ 4,108,570</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>\$ 432,197</u>	<u>\$ -</u>	<u>\$ 36,441</u>	<u>\$ 468,638</u>
<b>Other Financing Sources (Uses)</b>				
Loan issuance	\$ 110,700	\$ -	\$ -	\$ 110,700
Transfers in:				
Capital projects	123,634	-	-	123,634
General fund	-	248,791	-	248,791
Transfers out:				
Capital projects	(372,425)	-	-	(372,425)
Stormwater enterprise fund	-	-	-	-
Solid waste fund	(27,511)	-	-	(27,511)
Total Other Financing Sources And Uses	<u>\$ (165,602)</u>	<u>\$ 248,791</u>	<u>\$ -</u>	<u>\$ 83,189</u>
Net Change In Fund Balance	\$ 266,595	\$ 248,791	\$ 36,441	\$ 551,827
Fund balances, beginning	2,966,005	226,366	106,701	3,299,072
Fund balances, ending	<u>\$ 3,232,600</u>	<u>\$ 475,157</u>	<u>\$ 143,142</u>	<u>\$ 3,850,899</u>

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

**Town of Swansboro, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the Statement of the Net Position (Exhibit 1) are different because:

Net change in fund balances - governmental funds		\$	551,827
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	\$	172,561	
Depreciation expense for governmental assets		<u>(301,197)</u>	\$ (128,636)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			173,652
Benefit payments paid for LEOSA are not included on the Statement of Activities			17,725
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
New long-term debt issued	\$	(110,700)	
Principal payments on long-term debt		<u>268,549</u>	\$ 157,849
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			(10,189)
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		(56,216)	
Pension expense		(273,856)	
Other postemployment benefits		<u>(52,785)</u>	<u>(382,857)</u>
Total Change in Net Position of Governmental Activities			<u>\$ 379,371</u>

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

**Town of Swansboro, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund and Annually Budgeted Major Capital Project Fund**  
**For the Fiscal Year Ended June 30, 2021**

	<b>General Fund</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
	<b>Budget</b>	<b>Budget</b>		<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 1,788,964	\$ 1,788,964	\$ 1,838,055	\$ 49,091
Other taxes and licenses	-	78,201	78,930	729
Unrestricted intergovernmental	1,031,000	1,045,600	1,473,942	428,342
Restricted intergovernmental	253,337	547,991	584,617	36,626
Permits and fees	215,450	334,878	414,142	79,264
Sales and services	-	500	1,470	970
Investment earnings	25,000	25,000	1,080	(23,920)
Miscellaneous	216,879	55,959	96,142	40,183
Contributions	-	3,650	1,730	(1,920)
Total Revenues	<u>\$ 3,530,630</u>	<u>\$ 3,880,743</u>	<u>\$ 4,490,108</u>	<u>\$ 609,365</u>
<b>Expenditures</b>				
Current:				
General government	\$ 1,096,111	\$ 946,278	\$ 880,797	\$ 65,481
Public safety	1,751,161	2,319,631	1,934,646	384,985
Transportation	268,822	397,931	363,173	34,758
Economic development	97,559	180,832	92,936	87,896
Cultural and recreational	285,363	341,304	286,572	54,732
Non-departmental	283,520	228,820	221,532	7,288
Debt Service:				
Principal	282,766	272,766	268,549	4,217
Interest and other charges	-	10,000	9,706	294
Total Expenditures	<u>\$ 4,065,302</u>	<u>\$ 4,697,562</u>	<u>\$ 4,057,911</u>	<u>\$ 639,651</u>
Revenues Over (Under) Expenditures	<u>\$ (534,672)</u>	<u>\$ (816,819)</u>	<u>\$ 432,197</u>	<u>\$ 1,249,016</u>
<b>Other Financing Sources (Uses)</b>				
Loan issuance	\$ 149,200	\$ 149,200	\$ 110,700	\$ (38,500)
Sale of capital assets	-	-	-	-
Transfers-In	7,000	123,634	123,634	-
Transfers-Out	-	(399,936)	(399,936)	-
Total Other Financing Sources (Uses)	<u>\$ 156,200</u>	<u>\$ (127,102)</u>	<u>\$ (165,602)</u>	<u>\$ (38,500)</u>
Fund balance appropriated	<u>\$ 378,472</u>	<u>\$ 943,921</u>	<u>\$ -</u>	<u>\$ (943,921)</u>
Net Change In Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,595</u>	<u>\$ 266,595</u>
Fund balance, beginning			2,966,005	
Fund Balance, ending			<u>\$ 3,232,600</u>	

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

**Town of Swansboro, North Carolina**  
**Capital Reserve**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund and Annually Budgeted Major Capital Project Fund**  
**For the Year Ended June 30, 2021**

<b>Capital Project Fund - Capital Reserve</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Variance With Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Reserve for Capital	\$ -	\$ -	\$ -
<b>Other Financing Sources (Uses)</b>			
Fund balance appropriated	(414,059)	(414,059)	414,059
Transfer (to) from other funds	414,059	414,059	(165,268)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 248,791
 Expenditures and Other Uses	 \$ -	 \$ -	 \$ 248,791
<b>Fund Balances</b>			
Beginning of year			226,366
End of year			\$ 475,157

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

**Town of Swansboro, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Stormwater Fund</b>	<b>Solid Waste Fund</b>	<b>Totals</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 41,313	\$ 61,385	\$ 102,698
Accounts receivable (net)	60,943	-	60,943
Due from other funds	-	-	-
Total Current Assets	<u>\$ 102,256</u>	<u>\$ 61,385</u>	<u>\$ 163,641</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	-	-	-
Other capital assets, net of depreciation	64,240	163,596	227,836
Capital assets (net)	<u>\$ 64,240</u>	<u>\$ 163,596</u>	<u>\$ 227,836</u>
Total Assets	<u><u>\$ 166,496</u></u>	<u><u>\$ 224,981</u></u>	<u><u>\$ 391,477</u></u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	<u>\$ 12,421</u>	<u>\$ 12,421</u>	<u>\$ 24,842</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable - trade	\$ 6,184	\$ 27,188	\$ 33,372
Due to other funds	-	-	-
Customer deposits	-	-	-
Compensated absences - current	301	301	602
Total Current Liabilities	<u>\$ 6,485</u>	<u>\$ 27,489</u>	<u>\$ 33,974</u>
Noncurrent liabilities:			
Compensated absences	\$ 2,712	\$ 2,712	\$ 5,424
Net pension liability	21,378	21,378	42,756
Total OPEB liability	<u>18,502</u>	<u>18,502</u>	<u>37,004</u>
Total non-current liabilities	<u>\$ 42,592</u>	<u>\$ 42,592</u>	<u>\$ 85,184</u>
Total Liabilities	<u><u>\$ 49,077</u></u>	<u><u>\$ 70,081</u></u>	<u><u>\$ 119,158</u></u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 132</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 64,240	\$ 163,596	\$ 227,836
Restricted net position	-	-	-
Unrestricted net position	<u>65,534</u>	<u>3,659</u>	<u>69,193</u>
Total Net Position	<u><u>\$ 129,774</u></u>	<u><u>\$ 167,255</u></u>	<u><u>\$ 297,029</u></u>

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



**Town of Swansboro, North Carolina**  
**Statement of Revenues, Expenses, And Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Stormwater Fund</b>	<b>Solid Waste Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for services	\$ 133,961	\$ 399,232	\$ 533,193
Other operating revenues		-	-
Total Operating Revenues	<u>\$ 133,961</u>	<u>\$ 399,232</u>	<u>\$ 533,193</u>
<b>Operating Expenses</b>			
Administration	\$ -	\$ -	\$ -
Stormwater operations	115,854	-	115,854
Solid waste operations	-	383,060	383,060
Depreciation	1,776	22,275	24,051
Total Operating Expenses	<u>\$ 117,630</u>	<u>\$ 405,335</u>	<u>\$ 522,965</u>
Operating income (loss)	<u>\$ 16,331</u>	<u>\$ (6,103)</u>	<u>\$ 10,228</u>
<b>Non-operating Revenues (Expenses)</b>			
Investment earnings	\$ -	\$ -	\$ -
Miscellaneous revenue	5,415	-	5,415
Total Non-operating Revenues (expenses)	<u>\$ 5,415</u>	<u>\$ -</u>	<u>\$ 5,415</u>
<b>Income (loss) before contributions and transfers</b>	<u>\$ 21,746</u>	<u>\$ (6,103)</u>	<u>\$ 15,643</u>
Capital contributions	-	-	-
Transfers from other funds	13,774	13,737	27,511
Transfers to other funds	-	-	-
Change in net position	<u>\$ 35,520</u>	<u>\$ 7,634</u>	<u>\$ 43,154</u>
Net position, beginning	<u>94,254</u>	<u>159,621</u>	<u>253,875</u>
Net position, ending	<u><u>\$ 129,774</u></u>	<u><u>\$ 167,255</u></u>	<u><u>\$ 297,029</u></u>

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

**Town of Swansboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Stormwater Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 98,508	\$ 399,232	\$ 497,740
Cash paid for goods and services	(52,226)	(327,490)	(379,716)
Cash paid to or on behalf of employees for services	(62,755)	(52,922)	(115,677)
Other operating revenues	-	-	-
Net cash provided (used) by operating activities	<u>\$ (16,473)</u>	<u>\$ 18,820</u>	<u>\$ 2,347</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Other revenue	\$ 5,415	\$ -	\$ 5,415
Transfers from other funds	13,774	13,737	27,511
Increase (decrease) in due to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>\$ 19,189</u>	<u>\$ 13,737</u>	<u>\$ 32,926</u>
<b>Cash Flows From Capital and Related Financing</b>			
Acquisition of capital assets	\$ (6,033)	\$ (6,033)	\$ (12,066)
Capital contributions	-	-	-
Net cash provided (used) by capital and related financing activities	<u>\$ (6,033)</u>	<u>\$ (6,033)</u>	<u>\$ (12,066)</u>
<b>Cash Flows From Investing Activities</b>			
Interest and dividends	\$ -	\$ -	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (3,317)	\$ 26,524	\$ 23,207
Balances - Beginning of year	44,630	34,861	79,491
Balances - End of year	<u>\$ 41,313</u>	<u>\$ 61,385</u>	<u>\$ 102,698</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 16,331</u>	<u>\$ (6,103)</u>	<u>\$ 10,228</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 1,776	\$ 22,275	\$ 24,051
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(35,453)	-	(35,453)
(Increase) decrease in deferred outflows	(3,215)	(3,214)	(6,429)
Increase (decrease) in accounts payable and accrued liabilities	(1,658)	115	(1,543)
Increase (decrease) in net pension liability	6,549	6,549	13,098
Increase (decrease) in OPEB liability	6,656	6,656	13,312
Increase (decrease) in deferred inflows	(7,459)	(7,458)	(14,917)
Total adjustments	<u>\$ (32,804)</u>	<u>\$ 24,923</u>	<u>\$ (7,881)</u>
Net cash provided by operating activities	<u>\$ (16,473)</u>	<u>\$ 18,820</u>	<u>\$ 2,347</u>

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

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Swansboro, North Carolina and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town of Swansboro, North Carolina (the Town) is a municipal corporation that is governed by an elected mayor and a five-member board. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statement in order to emphasize that it is legally separate from the Town.

**Swansboro Tourism Development Authority (TDA)**

The members of the Swansboro TDA governing board are appointed by the Town. In addition, the Town shall be responsible for the collection and accounting of all funds remitted to or disbursed by the Swansboro TDA. The Swansboro TDA, which has a June 30 year end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the Swansboro TDA may be obtained from the Town's administrative offices at Swansboro Town Hall, 601 W Corbett Avenue, Swansboro, NC 28584.

**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 and its component unit. Eliminations have been made to minimize the double counting of internal activities. All transactions from interfund services provided and used are not eliminated in the process of consolidation. 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 and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

*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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds. 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, general government, environmental protection, street maintenance and construction, and recreation.

*Capital Reserve Fund.* This Fund is used to account for monies set aside for future capital expenditures or projects.

The Town reports the following non-major governmental funds:

*Capital Project Funds.* Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Town has four non-major Capital Project Funds: Park and Recreation Reserve Fund, Waterfront Plan Implementation Fund, Municipal Park Improvement Fund, and Information Technology Project Fund, within its governmental fund types.

The Town reports the following major enterprise funds:

Stormwater Fund – This fund is used to account for the Town's stormwater operations.

Solid Waste Fund – This fund is used to account for the Town's solid waste 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 financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the town because the tax is levied by Onslow 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.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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. Project ordinances are adopted for the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the capital project funds. The finance officer may transfer amounts between objects of expenditures within a department without limitations and without an official report being requested. Any other transfer or revisions that later the total expenditures of any fund must be approved by the governing board. During the year, several material amendments to the original budget were necessary mainly due to funding capital project funds. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

**1. Deposits and Investments**

All deposits of the Town and Swansboro TDA are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town and Swansboro TDA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and Swansboro TDA 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 and Swansboro TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States or obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating, and is measured at fair value. As of June 30, 2021, 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.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

2. Cash and Cash Equivalents

The Town pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Money in the Drug Seizure fund is classified as restricted cash because its use is restricted for drug seizure purposes within the Town. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Swansboro Restricted Cash	
Streets	\$ 24,325
Public safety	14,910
Total Restricted Cash	<u>\$ 39,235</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 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that 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. 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 for all types of capital assets is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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 of the Town are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings	50
Infrastructure	30
Improvements	25
Heavy equipment	10
Software	8
Vehicles	5
Furniture and equipment	5
Computer equipment	3

Property, plant, and equipment of the Swansboro Tourism Development Authority are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Life
Buildings	20
Equipment and furniture	10
Vehicles	3-5
Computers	3

**7. 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 has two items that meets this criterion – pension deferrals and OPEB 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 several items that meet the criterion for this category – property taxes receivable, OPEB deferrals, and pension deferrals.



**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they occurred. Prepaid insurance costs are expensed over the life of the debt.

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

9. Compensated Absences

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

The Town's sick leave policy provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit 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.

10. Net Position/Fund Balances

a. 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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

b. Fund Balances

In the governmental fund financial statements, fund balance is composed of two 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:

**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 the 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 the total unexpended Powell Bill Funds.

Restricted for Capital Improvements – portion of fund balance that is restricted for future capital improvements.

Restricted for Festivals and Events – portion of fund balance that is restricted by an external source for future Town festivals and events.

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

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

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

11. Defined Benefit Cost-Sharing Plans

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

**II. Stewardship, Compliance, and Accountability**

A. Noncompliance with North Carolina General Statutes

There were no violations of noncompliance with North Carolina General Statutes reported for the year ended June 30, 2021.

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

All the deposits of the Town and the Swansboro TDA are either insured or collateralized by using one method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and Swansboro Tourism Development Authority, these deposits are considered to be held by the Town's and Swansboro Tourism Development Authority agent in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town and Swansboro Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and Swansboro Tourism Development Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial 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 provision of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

The Swansboro TDA has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$3,775,877 and a bank balance of \$3,789,754. Of the bank balance, \$264,910 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the Town had \$150 cash on hand.

The carrying amount of deposits for the Swansboro TDA was \$131,589 and the bank balance was \$135,062. All of the bank balance was covered by federal depository insurance.

**2. Investments**

At June 30, 2021, the investments of the Town were as follows:

<b>Investment by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2021</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 427,564	N/A	AAAm
Total		\$ 427,564		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

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

*Credit Risk.* The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

*Custodial Credit Risk.* The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the Town's name.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

Fund	June 30, 2021
General Fund - Taxes receivable	\$ 7,281

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 999,498	\$ -	\$ -	\$ 999,498
Monuments	67,198	-	-	67,198
Construction in progress	669,669	50,659	-	720,328
Total Capital Assets Not Being Depreciated	<u>\$ 1,736,365</u>	<u>\$ 50,659</u>	<u>\$ -</u>	<u>\$ 1,787,024</u>
Capital Assets Being Depreciated:				
Buildings	\$ 3,558,854	\$ -	\$ -	\$ 3,558,854
Software	24,606	-	-	24,606
Infrastructure	1,477,385	-	-	1,477,385
Equipment	786,249	63,408	-	849,657
Vehicles	2,094,943	58,494	-	2,153,437
Park improvements	953,241	-	-	953,241
Total Capital Assets Being Depreciated	<u>\$ 8,895,278</u>	<u>\$ 121,902</u>	<u>\$ -</u>	<u>\$ 9,017,180</u>
Less Accumulated Depreciation For:				
Buildings	\$ 617,709	\$ 71,390	\$ -	\$ 689,099
Software	23,755	851	-	24,606
Infrastructure	571,643	87,546	-	659,189
Equipment	570,499	27,476	-	597,975
Vehicles	1,359,143	113,934	-	1,473,077
Park improvements	306,426	-	-	306,426
Total Accumulated Depreciation	<u>\$ 3,449,175</u>	<u>\$ 301,197</u>	<u>\$ -</u>	<u>\$ 3,750,372</u>
Total Capital Assets Being Depreciated, net	<u>\$ 5,446,103</u>			<u>\$ 5,266,808</u>
Governmental Activity Capital Assets, net	<u>\$ 7,182,468</u>			<u>\$ 7,053,832</u>

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

General government	\$ 33,328
Public safety	99,157
Transportation	85,933
Cultural and recreation	82,779
Total	<u>\$ 301,197</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities: Stormwater Fund				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets Being Depreciated:				
Stormwater system	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Equipment	86,474	6,033	-	92,507
Total Capital Assets Being Depreciated	<u>\$ 86,474</u>	<u>\$ 6,033</u>	<u>\$ -</u>	<u>\$ 92,507</u>
Less Accumulated Depreciation For:				
Stormwater system	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Equipment	26,491	1,776	-	28,267
Total Accumulated Depreciation	<u>\$ 26,491</u>	<u>\$ 1,776</u>	<u>\$ -</u>	<u>\$ 28,267</u>
Total Capital Assets Being Depreciated, net	<u>\$ 59,983</u>			<u>\$ 64,240</u>
Stormwater Fund Capital Assets, net	<u>\$ 59,983</u>			<u>\$ 64,240</u>
	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Business-type Activities: Solid Waste Fund				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Assets Being Depreciated:				
Buildings	\$ -	\$ -	\$ -	\$ -
Equipment	199,846	6,032	-	205,878
Total Capital Assets Being Depreciated	<u>\$ 199,846</u>	<u>\$ 6,032</u>	<u>\$ -</u>	<u>\$ 205,878</u>
Less Accumulated Depreciation For:				
Buildings	\$ -	\$ -	\$ -	\$ -
Equipment	20,007	22,275	-	42,282
Total Accumulated Depreciation	<u>\$ 20,007</u>	<u>\$ 22,275</u>	<u>\$ -</u>	<u>\$ 42,282</u>
Total Capital Assets Being Depreciated, net	<u>\$ 179,839</u>			<u>\$ 163,596</u>
Solid Waste Capital Assets, net	<u>\$ 179,839</u>			<u>\$ 163,596</u>

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The Town of Swansboro, North Carolina 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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. Town of Swansboro, North Carolina employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Swansboro, North Carolina's contractually required contribution rate for the year ended June 30, 2021, was 10.5% of compensation for law enforcement officers and 10.43% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Swansboro, North Carolina were \$173,652 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 \$855,121 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, the Town's proportion was 0.02393%, which was an increase of 0.00221% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$398,433. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 107,987	\$ -
Changes of assumptions	63,638	-
Net difference between projected and actual earnings on pension plan investments	120,336	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	31,242	2,666
Town contributions subsequent to the measurement date	173,652	-
Total	<u>\$ 496,855</u>	<u>\$ 2,666</u>

\$173,652 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 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	\$ 93,524
2023	118,488
2024	72,910
2025	35,613
2026	-
Thereafter	-
	<u>\$ 320,535</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.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 1,734,947	\$ 855,121	\$ 123,923

*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 Swansboro 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 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.

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	13
	<u>14</u>

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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 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 Statements 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 assumption, applied to all periods included in the measurement:

Inflation	1.93 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.50 percent

The discount rate is the weekly average of the Bond Buyer General Obligation 20-Year Municipal Bond Index at the end of each month. Maturity rates are based on the RP-014 Mortality tables.

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 amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget.

There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$11,956 as benefits came due for the reporting period.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

***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 \$108,015. 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 \$17,209.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,072	\$ 7,557
Changes of assumptions	25,375	1,173
Town benefit payments and plan administrative expense made subsequent to the measurement date	17,725	-
Total	<u>\$ 49,172</u>	<u>\$ 8,730</u>

\$17,725 reported as deferred outflows of resources related to pensions resulting from benefit payments made 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	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount Recognized as Pension Expense
2022	\$ 8,077	\$ 6,845	\$ 1,232
2023	7,295	1,794	5,504
2024	7,207	94	7,113
2025	5,030	-	5,030
2026	3,838	-	3,838
Thereafter	\$ -	\$ -	\$ -
	<u>\$ 31,447</u>	<u>\$ 8,733</u>	<u>\$ 22,717</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 total pension liability would be if it were calculated using a discount rate that is one percentage point lower (.93 percent) or one percentage point higher (2.93 percent) than the current rate:

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Town's proportionate share of the total pension liability	\$ 122,319	\$ 108,015	\$ 95,565

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

	2020
Beginning balance	\$ 75,611
Service cost	13,322
Interest	2,270
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	945
Changes of assumptions or other inputs	27,823
Benefit payments	(11,956)
Other changes	-
Ending balance of the total pension liability	<u>\$ 108,015</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current morality 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 morality 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:

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

	LGERS	LEOSSA	Total
Pension Expense	\$ 298,433	\$ 17,209	\$ 315,642
Pension Liability	855,121	108,015	963,136
Proportionate share of the net pension liability	0.02393%	n/a	0.02393%
Deferred of Outflows of Resources			
Differences between expected and actual experience	107,987	6,072	114,059
Changes of assumptions	63,638	25,375	89,013
Net difference between projected and actual earnings on pension plan investments	120,336	-	120,336
Changes in proportion and differences between contributions and proportionate share of contributions	31,242	-	31,242
Benefit payments and administrative costs paid subsequent to the measurement date	173,652	17,725	191,377
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	7,557	7,557
Changes of assumptions	-	1,173	1,173
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,666	-	2,666

c. Supplemental Retirement Income Plan for Law Enforcement Officers

1) 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. That 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.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

2) Funding Policy

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$34,995 which consisted of \$26,446 from the Town and \$8,549 from the law enforcement officers. No amounts were forfeited.

The Town has also elected to contribute to the Supplemental Retirement Income Plan for general employees. Contributions for the year ended June 30, 2021 were \$26,269 which consisted of \$9,569 from the Town and \$16,700 from the employees. No amounts were forfeited.

d. Other Postemployment Benefits

Health Care Benefits

1) Plan Description

The Town of Swansboro, North Carolina administers a health care plan, a single employer defined benefit pension plan that provides a stipend for health insurance to retirees who have completed a specified number of years of service to the town and in service to local government. Employees who retire under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS) and have at least 10 (ten) years of consecutive service with the Town and at least 25 years of service with the NCLGERS are eligible to participate in the Town's health care plan.

The Town provides a portion of the total cost for individual coverage for retirees based on years of service at retirement. The amount paid by the Town is based on the current value of the monthly premium being paid by the town for group health insurance to current employees.

Years of Service with the Town at Retirement	Years of Service with the NCLGERS at Retirement	Town Contribution
10-14	25	25%
15-19	25	50%
20 or more	25	75%

All full-time employees of the Town are covered by the Health Care Plan. At June 30, 2021, the Plan's membership consisted of:

Retirees and dependents receiving benefits	1
Active plan members	27
	<u>28</u>



**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

***Total OPEB Liability***

The District's Total OPEB Liability (TOL) of \$740,094 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

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

Paragraph 166: Listed below is the information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule C. The TOL was determined by an actuarial valuation as of June 30, 2019, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary Increases, including wage inflation:	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement	3.50% - 7.35%
Municipal Bond Index Rate:	
Prior measurement date	3.50%
Measurement date	2.21%
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Paragraph 167(a): This paragraph requires disclosure of the sensitivity of the TOL to changes in the health care cost trend rates. The following exhibit presents the TOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

**Health Care Cost Trend Rate Sensitivity**

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 541,042	\$ 740,094	\$ 1,034,163

Paragraph 167(b): This paragraph requires disclosure of the sensitivity of the TOL to changes in the discount rate. The following exhibit presents the TOL of the Plan, calculated using the discount rate of 3.89%, as well as what the Plan's TOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

**Discount Rate Sensitivity**

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 975,231	\$ 740,094	\$ 571,035

Paragraph 168(a)-(c): This paragraph requires a schedule of changes in the TOL. The needed information is shown in the following table:

**Changes in the TOL**

Total OPEB Liability as of June 30, 2020	\$ 473,843
Changes for the year:	
Service Cost at the end of the year*	44,160
Interest on TOL and Cash Flows	18,037
Change in benefit terms	-
Difference between expected and actual experience	592
Changes of assumptions or other inputs	208,822
Benefit payments and implicit subsidy credit	(5,360)
Other	-
Net Changes	<u>266,251</u>
Total OPEB Liability as of June 30, 2021	<u><u>\$ 740,094</u></u>

\* The service cost includes interest for the year.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

Paragraph 168(d): The employer does not have a special funding situation.

Paragraph 169(a): The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2019. An expected TOL is determined as of June 30, 2018, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2019, adds the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also called the Service Cost).

CMC has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

Paragraph 169(b): Our understanding is that the employer does not have a special funding situation.

Paragraph 169(c): Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.21% due to a change in the Municipal Bond Rate.

Paragraph 169(d): There are no changes in benefit terms since the Prior Measurement Date.

Paragraph 169(e): No benefit payments are attributable to the purchase of allocated insurance contracts.

Paragraph 169(f): CMC was not expected to supply this information.

Paragraph 169(g): Please see Section IV for the development of the OPEB Expense (OE).

Paragraph 169(h)(1)-(2): Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense, they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense, they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2021:

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 534	\$ 151,317
Changes of assumptions or other inputs	188,369	104,838
Total	<u>\$ 188,903</u>	<u>\$ 256,155</u>

Paragraph 169(h)(3): Our understanding is that the employer does not have a special funding situation.

Paragraph 169(h)(4): CMC was not expected to supply this information.

Paragraph 169(i)(1)-(2): Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

<u>Measurement Period Ended June 30:</u>	
2022	\$ (13,077)
2023	(13,077)
2024	(13,077)
2025	(13,077)
2026	(13,077)
Thereafter	(1,867)

Paragraph(i)(3): Our understanding is that the employer does not have a special funding situation.

Paragraph(j): CMC was not expected to supply this information.

**2. Other Employment Benefits**

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 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 payment to beneficiaries is 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

3. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$ 173,652
Benefit payments made and administrative expenses for LEOSSA subsequent to measurement date	17,725
Differences between expected and actual experience	114,593
Changes of assumptions	277,382
Net difference between projected and actual earnings on plan investments	120,336
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,242
	<u>\$ 734,930</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 26,394
Prepaid taxes (General Fund)	26,507	26,507
Changes in assumptions	106,011	
Differences between expected and actual experience	158,874	-
Changes in proportion and differences between Town Contributions and proportionate share of contributions	2,666	-
Total	<u>\$ 294,058</u>	<u>\$ 52,901</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 \$3 million per occurrence, property coverage up to the total insurance values of the property policy, and 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. 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 limit 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.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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 did not carry flood insurance during the year ended June 30, 2021. The Town has received all certifications for eligible properties but has not purchased flood insurance.

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 is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town was a defendant to a lawsuit. In the opinion of the Town's management and the Town attorney, the ultimate effect of this legal matter will not have a material adverse effect on the Town's financial position.

6. Long-term Obligations

a. Notes from Direct Placements

In March 2013, the Town entered into a note agreement to re-finance the installment purchase contracts for the town hall annex and tanker truck in the amount of \$1,034,486. The note agreement requires principal payments beginning in 2014, with an interest rate of 2.69%.

In December 2014, the Town entered into a note agreement to finance the construction of a public safety building in the amount of \$400,000. The note agreement requires principal payments beginning in 2015, with an interest rate of 2.58%.

In November 2016, the Town entered into a financing agreement to finance the purchase of a fire truck in the amount of \$425,000. The note will be paid in annual installments of \$47,512 at an interest rate of 2.08% for 10 years.

In November 2016, the Town entered into a financing agreement to finance the purchase of various equipment and vehicles in the amount of \$245,000. The note will be paid in annual installments of \$51,783 at an interest rate of 1.87% for 5 years.

In December 2016, the Town entered into a financing agreement to finance the renovation of the former town hall for the Sleeping Quarters capital project in the amount of \$250,000. The note will be paid in annual installments at an interest rate of 2.43% for 10 years.

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

In June 2020, the Town entered into a financing agreement to finance the purchase of a grapple truck and a generator in the amount of \$227,700. The note will be paid in annual installments of \$47,916 at an interest rate of 1.72% for 5 years.

In June 2021, the Town entered into a financing agreement to finance vehicles and equipment in the amount of \$110,700. The note will be paid in annual installments of \$22,970 at an interest rate of 1.84% for 5 years.

The future minimum payments of the installment purchase as of June 30, 2021, including \$114,787 of interest, are as follows:

Year Ended June 30	Principal	Interest	Interest
2022	\$ 294,278	\$ 33,415	\$ 327,693
2023	247,374	26,889	274,263
2024	251,392	21,224	272,616
2025	255,502	15,467	270,969
2026	171,789	9,617	181,406
2027-2031	234,392	8,175	242,567
Total	<u>\$ 1,454,727</u>	<u>\$ 114,787</u>	<u>\$ 1,569,514</u>

At June 30, 2021, the Town of Swansboro, North Carolina had a legal debt margin of \$40,400,061.

b. Changes in Long-term Liabilities

Compensated absences, pension liabilities and OPEB liabilities for governmental activities have typically been liquidated in the General fund.

	Beginning			Ending	Current
Governmental Activities:	Balance	Increases	Decreases	Balance	Portion of
					Balance
Notes from direct placements	\$ 1,612,576	\$ 110,700	\$ 268,549	\$ 1,454,727	\$ 294,278
Total pension liability (LEO)	75,611	32,404	-	108,015	-
Net pension liability (LGERS)	563,498	248,867	-	812,365	-
Total OPEB liability	450,151	252,939	-	703,090	-
Compensated absences	111,358	79,760	56,216	134,902	20,235
Total	<u>\$ 2,813,194</u>	<u>\$ 724,670</u>	<u>\$ 324,765</u>	<u>\$ 3,213,099</u>	<u>\$ 314,513</u>

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

	Beginning			Ending	Current
Business-type Activities:	Balance	Increases	Decreases	Balance	Portion of
Net pension liability (LGERS)	\$ 29,658	\$ 13,098	\$ -	\$ 42,756	\$ -
Total OPEB liability	23,692	13,312	-	37,004	-
Compensated absences	4,109	3,927	2,010	6,026	602
Total	\$ 57,459	\$ 30,337	\$ 2,010	\$ 85,786	\$ 602

Notes from direct placements are collateralized by capital assets with a carrying value of \$1,481,815.

The Town's outstanding note from direct placements related to governmental activities of \$150,000 (Sleeping Quarters) is secured with collateral of the building and property. The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

The Town's outstanding note from direct placements related to governmental activities of \$316,250 (Fire Truck, Vehicles & Equipment) is secured with collateral of the personal property purchased. The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

The Town's outstanding note from direct placements related to governmental activities of \$160,000 (Public Safety Building) is secured with collateral of the building and property improved. The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.



**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

The Town's outstanding note from direct placements related to governmental activities of \$534,076 (Town Hall Annex and Tanker) is secured with collateral of the building and property improved. The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

The Town's outstanding note from direct placements related to governmental activities of \$183,700 (Grapple Truck-\$154,400 and Town Hall Generator-\$73,300) is secured with collateral of the personal property purchased. The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

The Town's outstanding note from direct placements related to governmental activities of \$110,700 (vehicles and equipment) is secured with collateral of the personal property purchased. The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

**C. Interfund Balances and Activity**

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

From the General Fund to the Reserve Fund to fund future capital purchases.	\$ 248,791
From the General Fund to the Stormwater Fund to assist with operations of new fund.	13,774
From the General Fund to the Solid Waste Fund to assist with the purchase of new equipment.	13,737
	<u>\$ 276,302</u>

**Town of Swansboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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.

**D. Net Investment in Capital Assets**

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 7,053,832	\$ 227,836
Less: long-term debt	1,454,727	-
Net Investment in Capital Assets	<u>\$ 5,599,105</u>	<u>\$ 227,836</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	\$ 3,232,600
Less:	
Stabilization by State Statute	527,007
Streets-Powell Bill	24,325
Appropriated Fund Balance in 2020 budget	249,260
Remaining Fund Balance	<u>\$ 2,432,008</u>

**IV. Jointly Governed Organization**

The Town, in conjunction with 9 counties and 46 municipalities, established the East Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town considers the membership fees paid to the Council during the fiscal year ended June 30, 2021 to be immaterial. The Town has no equity interest nor does the town materially contribute to the continued existence of the Council. The Town's interests are other than financial.

**V. 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 monies.

**Town of Swansboro, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**VI. Subsequent Events**

As of November 15, 2021, the date of completion of the financial statements, there were no material subsequent events that were required to be reported.

## **Required Supplemental Financial Data**

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

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement Schedule
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Schedule of Changes in the Total OPEB Liability

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

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017	2016	2015	2014
Town of Swansboro's proportion of the net pension liability (asset) (%)	0.02393%	0.02172%	0.02179%	0.02138%	0.01978%	0.02512%	0.0230%	0.0220%
Town of Swansboro's proportion of the net pension liability (asset) (\$)	\$ 855,121	\$ 593,156	\$ 516,933	\$ 326,627	\$ 419,798	\$ 112,737	\$ (135,936)	\$ 247,104
Town of Swansboro's covered payroll	\$ 1,618,540	\$ 1,395,261	\$ 1,359,899	\$ 1,294,306	\$ 1,098,158	\$ 1,197,066	\$ 1,205,459	\$ 1,206,100
Town of Swansboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.83%	42.51%	38.01%	25.24%	38.23%	9.42%	-11.28%	20.49%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

Information on this schedule will report 10 years' information once the 10<sup>th</sup> year of implementation occurs.

**Town of Swansboro, North Carolina  
Town of Swansboro'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	\$ 173,652	\$ 149,972	\$ 112,470	\$ 105,976	\$ 97,659	\$ 78,302	\$ 86,146	\$ 86,148
Contributions in relation to the contractually required contributions	173,652	149,972	112,470	105,976	97,659	78,302	86,146	86,148
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Swansboro's covered payroll	\$ 1,664,582	\$ 1,618,540	\$ 1,395,261	\$ 1,359,899	\$ 1,294,306	\$ 1,098,158	\$ 1,197,066	\$ 1,205,459
Contributions as a percentage of covered payroll	10.43%	9.27%	8.06%	7.79%	7.55%	7.13%	7.20%	7.15%

Information on this schedule will report 10 years' information once the 10<sup>th</sup> year of implementation occurs.

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 75,611	\$ 63,708	\$ 70,646	\$ 95,469	\$ 97,664
Service cost	13,322	10,609	8,953	6,719	8,244
Interest	2,270	2,101	2,044	3,454	3,273
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	945	8,795	(3,986)	(27,478)	-
Changes of assumptions or other inputs	27,823	2,354	(1,993)	4,438	(1,756)
Benefit payments	(11,956)	(11,956)	(11,956)	(11,956)	(11,956)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 108,015</u>	<u>\$ 75,611</u>	<u>\$ 63,708</u>	<u>\$ 70,646</u>	<u>\$ 95,469</u>

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

Information on this schedule will report 10 years' information once the 10<sup>th</sup> year of implementation occurs.

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 108,015	\$ 75,611	\$ 63,708	\$ 70,646	\$ 95,469
Covered payroll	587,045	474,898	437,602	401,145	429,917
Total pension liability as a percentage of covered payroll	18.40%	15.92%	14.56%	17.61%	22.21%

Notes to the schedules:

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

Information on this schedule will report 10 years' information once the 10<sup>th</sup> year of implementation occurs.



**Town of Swansboro, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2021**

<b>Total OPEB Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 44,160	\$ 66,334	\$ 71,196	\$ 82,197
Interest	18,037	26,975	23,521	19,727
Change in benefit terms	-	(113,072)	-	-
Difference between expected and actual experience	592	(183,249)	(3,447)	(2,439)
Changes of assumptions or other inputs	208,822	(14,186)	(53,792)	(89,242)
Benefit payments and implicit subsidy credit	(5,360)	(4,779)	(4,703)	(5,124)
Net Change in Total OPEB Liability	266,251	(221,977)	32,775	5,119
Total OPEB Liability - beginning	473,843	695,820	663,045	657,926
Total OPEB Liability - ending	<u>\$ 740,094</u>	<u>\$ 473,843</u>	<u>\$ 695,820</u>	<u>\$ 663,045</u>
Covered Payroll	\$ 1,106,396	\$ 1,106,396	\$ 1,231,757	\$ 1,231,757
Total OPEB Liability as a Percentage of Covered Payroll	66.89%	42.83%	56.49%	53.83%

**Notes to Schedule**

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount

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

Information on this schedule will report 10 years' information once the 10<sup>th</sup> year of implementation occurs.

## **Individual Fund Statements and Schedules**

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
<b>Revenues</b>				
Ad Valorem Taxes:				
Current year		\$ 1,817,713		\$ 1,726,445
Prior year		13,588		6,867
Penalties and interest		6,754		3,971
Total	\$ 1,788,964	\$ 1,838,055	\$ 49,091	\$ 1,737,283
Other Taxes and Licenses:				
Occupancy tax		\$ 78,930		\$ 71,088
Animal taxes		-		-
Total	\$ 78,201	\$ 78,930	\$ 729	\$ 71,088
Unrestricted Intergovernmental:				
Utility franchise tax		\$ 230,090		\$ 238,640
Local option sales tax		1,147,380		951,258
Beer and wine tax		13,898		14,018
Court costs		3,762		5,518
ABC profit distribution		62,126		45,657
Tax refunds		10,216		8,999
Administrative fees		6,470		4,100
Total	\$ 1,045,600	\$ 1,473,942	\$ 428,342	\$ 1,268,190
Restricted Intergovernmental:				
Powell Bill allocation		\$ 80,205		\$ 82,342
Various grants		331,097		157,726
County - fire department		170,995		175,445
Solid waste disposal tax		2,320		2,307
Total	\$ 547,991	\$ 584,617	\$ 36,626	\$ 417,820
Permits and Fees:				
Building permits and inspection fees		\$ 291,172		\$ 237,358
Planning and zoning fees		4,823		31,866
Recreation contract fees		52,823		21,221
Festivals and events		7,330		46,910
Rental fees - building		57,994		72,725
Total	\$ 334,878	\$ 414,142	\$ 79,264	\$ 410,080
Sales and Services:				
Homeowners recovery fund	500	1,470	970	830
Investment Earnings	25,000	1,080	(23,920)	41,710

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
Miscellaneous income		\$ 52,016		\$ 144,106
Insurance proceeds		9,126		180,646
ONWASA reimbursements		35,000		35,000
Total	\$ 55,959	\$ 96,142	\$ 40,183	\$ 359,752
Contributions:				
Donations - Memorial Trees		\$ -		\$ -
Donations - Park		-		-
Donations - Police		1,505		4,320
Donations - Fire Department		225		550
Total	\$ 3,650	\$ 1,730	\$ (1,920)	\$ 4,870
Total Revenues	\$ 3,880,743	\$ 4,490,108	\$ 609,365	\$ 4,311,623
<b>Expenditures</b>				
Governing Body:				
Salaries - elected officials		\$ 8,968		\$ 8,819
FICA		686		674
Insurance		-		-
Miscellaneous		1,402		684
Supplies		195		2,206
Election expense		-		5,241
Travel		52		2,750
Contributions		2,100		8,100
Total	\$ 14,098	\$ 13,403	\$ 695	\$ 28,474
Administration:				
Salaries and wages		\$ 273,664		\$ 252,890
FICA		20,599		18,464
Group insurance		37,953		27,230
Retirement		30,875		23,686
Employee allowances		5,850		392
Department supplies		832		1,062
Dues & subscriptions		8,354		9,801
Miscellaneous		3,228		1,897
Professional services		31,732		27,683
Travel		1,890		5,521
Capital outlay		-		-
Capital outlay (non-capitalized)		5,399		-
Total	\$ 429,255	\$ 420,376	\$ 8,879	\$ 368,626

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
Public Buildings:				
Salaries and wages		\$ 44,343		\$ 41,653
FICA		3,450		3,252
Group insurance		123		101
Retirement		4,299		3,552
Employee allowances		775		750
Maintenance and renovations		48,352		33,523
Vehicle maintenance		3,571		1,267
Professional services		2,750		5,700
Supplies		1,864		8,432
Utilities		50,614		56,517
Miscellaneous		2,473		277
Capital outlay		11,232		163,335
Capital outlay (non-capitalized)		3,052		-
Total	\$ 220,100	\$ 176,898	\$ 43,202	\$ 318,359
Legal:				
Professional services	\$ 42,000	\$ 32,665	\$ 9,335	\$ 36,705
Finance:				
Salaries and wages		\$ 136,830		\$ 135,072
FICA		9,726		9,620
Group Insurance		12,223		12,930
Retirement		15,073		12,840
Employee allowances		600		-
Insurance		175		175
Office supplies		2,691		2,882
Department supplies		1,368		1,262
Dues & subscriptions		320		260
Fees		3,305		1,477
Professional service		28,001		30,572
Tax collection		22,123		21,090
Travel		5,020		515
Capital outlay		-		-
Capital outlay (non-capitalized)		-		-
Total	\$ 240,825	\$ 237,455	\$ 3,370	\$ 228,695
Total General Government	\$ 946,278	\$ 880,797	\$ 65,481	\$ 980,859

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
Police and Fire:				
Salaries and wages		\$ 973,625		\$ 943,173
FICA		75,129		71,974
Fees		98		-
Group insurance		128,931		101,733
Retirement		130,738		100,509
Employee allowances		3,175		26,085
Automotive supplies		7,348		32,152
Department supplies		6,710		8,640
Dues & subscriptions		2,414		1,677
Fire prevention		1,690		962
Maintenance - building		-		161
Maintenance - equipment		7,438		12,495
Maintenance - vehicle		53,403		22,703
Miscellaneous		2,000		1,400
Professional services		10,293		8,294
Telephone		6,702		9,895
Travel		204		2,741
Uniforms		4,189		3,505
Utilities		-		-
Volunteer retention		10,234		2,623
Capital outlay		81,838		59,095
Capital outlay (non-capitalized)		73,904		28,706
Total	\$ 1,779,702	\$ 1,580,063	\$ 199,639	\$ 1,438,523
Planning:				
Salaries and wages		\$ 148,560		\$ 119,068
FICA		10,650		8,560
Group insurance		27,044		19,068
Retirement		16,913		11,549
Employee allowances		1,881		1,451
Maintenance - equipment		-		-
Department supplies		82		214
Professional services		90		3,237
Miscellaneous		2,081		2,295
Travel		1,162		1,243
Dues and subscriptions		-		358
Capital outlay (non-capitalized)		-		-
Total	\$ 223,915	\$ 208,463	\$ 15,452	\$ 167,043

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
Emergency Management:				
Salaries and wages		\$ 1,119		\$ 15,709
Maintenance - equipment				1,211
Maintenance-buildings		31,453		300,455
Department supplies		5,498		3,664
Professional services		9,963		12,003
Miscellaneous		-		1,300
Capital outlay (non-capitalized)		98,087		-
Total	<u>\$ 316,014</u>	<u>\$ 146,120</u>	<u>\$ 169,894</u>	<u>\$ 334,342</u>
Total Public Safety	<u>\$ 2,319,631</u>	<u>\$ 1,934,646</u>	<u>\$ 384,985</u>	<u>\$ 1,939,908</u>
Transportation:				
Streets and Highways:				
Salaries and wages		\$ 57,711		\$ 57,621
FICA		4,432		4,352
Group insurance				9,589
Retirement		6,043		5,696
Employee allowances		11,751		813
Automotive supplies		2,981		3,812
Department supplies		1,055		2,006
Fees		-		-
Maintenance - building		-		66
Maintenance - equipment		1,125		2,115
Maintenance - traffic signs		8,178		2,385
Maintenance - storm drains		-		-
Maintenance - streets		-		-
Maintenance - vehicles		3,310		1,905
Sidewalk repairs		116,634		7,279
Street lights		46,866		44,703
Miscellaneous		722		40
Professional services		72		-
Travel		-		108
Telephone		-		-
Uniforms		307		334
Utilities		-		-
Capital outlay		23,432		-
Capital outlay (non-capitalized)		-		5,461
Total	<u>\$ 309,973</u>	<u>\$ 284,619</u>	<u>\$ 25,354</u>	<u>\$ 148,285</u>
State Street - Aid:				
Maintenance - streets	<u>\$ 87,958</u>	<u>\$ 78,554</u>	<u>\$ 9,404</u>	<u>\$ 87,796</u>
Total Transportation	<u>\$ 397,931</u>	<u>\$ 363,173</u>	<u>\$ 34,758</u>	<u>\$ 236,081</u>

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
Economic Development:				
Tourism Development Authority		\$ 80,430		\$ 66,818
Festivals		5,297		73,841
Old Town Hall				-
Church Street Dock		7,209		4,574
Total Economic Development	<u>\$ 180,832</u>	<u>\$ 92,936</u>	<u>\$ 87,896</u>	<u>\$ 145,233</u>
Cultural and Recreation:				
Parks and Recreation:				
Salaries and wages		\$ 153,889		\$ 149,153
FICA		11,813		11,446
Group insurance		8,699		7,103
Retirement		13,438		10,466
Employee allowances		2,650		2,275
Automotive supplies		670		1,246
Department supplies		3,873		10,337
Insurance		-		-
Miscellaneous		11,410		5,473
Maintenance - building		7,739		29,944
Maintenance - vehicles		112		546
Maintenance - equipment		9,455		2,192
Professional services		56,931		11,158
Travel		823		2,888
Utilities		-		-
Capital outlay		-		-
Capital outlay (non-capitalized)		5,070		7,317
Total Cultural and Recreation	<u>\$ 341,304</u>	<u>\$ 286,572</u>	<u>\$ 54,732</u>	<u>\$ 251,544</u>
Non-departmental:				
Miscellaneous		\$ 12,045		\$ 5,135
Supplies		96		2,166
Insurance		133,374		124,359
Fees		844		-
Telephone		2,659		2,809
Maintenance - equipment		65,983		46,181
Utilities		6,531		6,779
Total Non-departmental	<u>\$ 228,820</u>	<u>\$ 221,532</u>	<u>\$ 7,288</u>	<u>\$ 187,429</u>
Debt Service:				
Principal retirement	272,766	\$ 268,549	\$ -	\$ 221,000
Interest and other charges	1,000	9,706	-	41,269
Total Debt Service	<u>\$ 282,766</u>	<u>\$ 278,255</u>	<u>\$ 4,511</u>	<u>\$ 262,269</u>
Total Expenditures	<u>\$ 4,697,562</u>	<u>\$ 4,057,911</u>	<u>\$ 639,651</u>	<u>\$ 4,003,323</u>



**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Final Budget	Actual 2021	Variance Positive (Negative)	Actual 2020
<b>Revenues Over Expenditures</b>	<u>\$ (816,819)</u>	<u>\$ 432,197</u>	<u>\$ 1,249,016</u>	<u>\$ 308,300</u>
<b>Other Financing Sources (Uses)</b>				
Loan issuance	\$ 149,200	\$ 110,700	\$ (38,500)	\$ 227,700
Sale of capital assets	-	-	-	-
Transfers in:				
Capital Reserve and Capital Projects	123,634	123,634	-	31,458
Transfers out:				
Waterfront Plan Implementation		-	-	-
Capital Reserve	(372,425)	(372,425)	-	(83,927)
Stormwater Fund		-	-	(9,336)
Other	(27,511)	(27,511)	-	(50,000)
Solid Waste Enterprise Fund		-	-	(154,465)
Total Other Financing Sources (Uses)	<u>\$ (127,102)</u>	<u>\$ (165,602)</u>	<u>\$ (38,500)</u>	<u>\$ (38,570)</u>
Fund balance appropriated	<u>\$ 943,921</u>	<u>\$ -</u>	<u>\$ (943,921)</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 266,595</u>	<u>\$ 266,595</u>	<u>\$ 269,730</u>
Fund Balance, beginning		2,966,005		2,696,275
Fund Balance, ending		<u><u>\$ 3,232,600</u></u>		<u><u>\$ 2,966,005</u></u>

**Town of Swansboro, North Carolina**  
**Capital Project Funds**  
**Capital Reserve Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>					
Reserve for capital	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Financing Sources (Uses)</b>					
Transfers out:					
Waterfront Project	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-	-
Transfers in:					
General Fund	414,059	226,366	248,791	475,157	61,098
Fund balance appropriated	(414,059)	-	-	-	414,059
Total Other Financing Sources (Uses)	\$ -	\$ 226,366	\$ 248,791	\$ 475,157	\$ 475,157
Revenues Over (Under) Expenditures	\$ -	\$ 226,366	\$ 248,791	\$ 475,157	\$ 475,157
<b>Fund Balance:</b>					
Beginning of year, July 1			226,366		
End of year, June 30			\$ 475,157		

**Town of Swansboro, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

	<b>Park &amp; Recreation Reserve</b>	<b>Municipal Park Improvements</b>	<b>Waterfront Plan Implementation</b>	<b>Information Technology</b>	<b>Total Combining</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 122,020	\$ 13,879	\$ 2,902	\$ 5,478	\$ 144,279
Grants receivable	-	-	-	-	-
Total Assets	<u>\$ 122,020</u>	<u>\$ 13,879</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ 144,279</u>
<b>Liabilities and Fund Balances</b>					
Current Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	1,137	-	-	1,137
Total Liabilities	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,137</u>
Fund Balances:					
Restricted:					
Capital improvements	\$ 122,020	\$ 12,742	\$ 2,902	\$ 5,478	\$ 143,142
Total Fund Balances	<u>\$ 122,020</u>	<u>\$ 12,742</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ 143,142</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 122,020</u>	<u>\$ 13,879</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ 144,279</u>

**Town of Swansboro, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures, and Charges in Fund Balances**  
**For the Year Ended June 30, 2021**

	<b><u>Park &amp; Recreation Reserve</u></b>	<b><u>Municipal Park Improvements</u></b>	<b><u>Waterfront Plan Implementation</u></b>	<b><u>Information Technology</u></b>	<b><u>Total Combining</u></b>
<b>Revenues</b>					
Total Revenues	\$ 77,626	\$ -	\$ 9,474	\$ -	\$ 87,100
<b>Expenditures</b>					
Total Expenditures	\$ -	\$ 38,720	\$ 11,939	\$ -	\$ 50,659
<b>Revenues Over Expenditures</b>	<u>\$ 77,626</u>	<u>\$ (38,720)</u>	<u>\$ (2,465)</u>	<u>\$ -</u>	<u>\$ 36,441</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Fund	-	-	-	-	-
Transfers out:					
General Fund	-	-	-	-	-
Other funds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	\$ 77,626	\$ (38,720)	\$ (2,465)	\$ -	\$ 36,441
Fund Balance, beginning	44,394	51,462	5,367	5,478	106,701
Fund Balance, ending	<u><u>\$ 122,020</u></u>	<u><u>\$ 12,742</u></u>	<u><u>\$ 2,902</u></u>	<u><u>\$ 5,478</u></u>	<u><u>\$ 143,142</u></u>

**Town of Swansboro, North Carolina**  
**Capital Project Funds**  
**Parks & Recreation Reserve Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental					
Parks & recreation development fee	<u>\$ 103,180</u>	<u>\$ 147,574</u>	<u>\$ 77,626</u>	<u>\$ 225,200</u>	<u>\$ 122,020</u>
<b>Other Financing Sources (Uses)</b>					
Transfers out:					
Waterfront Plan Implementation Project	\$ 46,600	\$ -	\$ -	\$ -	\$ 46,600
Municipal Park Improvements	49,080	-	-	-	49,080
General Fund	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>
Total Other Financing Sources (Uses)	<u>\$ 103,180</u>	<u>\$ 103,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,180</u>
Revenues Over (Under) Expenditures	<u><u>\$ 103,180</u></u>	<u><u>\$ 147,574</u></u>	<u><u>\$ 77,626</u></u>	<u><u>\$ 225,200</u></u>	<u><u>\$ 122,020</u></u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>44,394</u>		
End of year, June 30			<u><u>\$ 122,020</u></u>		

**Town of Swansboro, North Carolina**  
**Capital Project Funds**  
**Waterfront Plan Implementation Project Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<b>Project Authorization</b>	<b>Actual Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>					
Restricted Intergovernmental					
Local grants	\$ 29,182	\$ 25,183	\$ 6,999	\$ 32,182	\$ 3,000
State grants	338,035	252,584	2,475	255,059	(82,976)
	<u>\$ 367,217</u>	<u>\$ 277,767</u>	<u>\$ 9,474</u>	<u>\$ 287,241</u>	<u>\$ (79,976)</u>
Total Revenues					
<b>Expenditures:</b>					
Surveying	\$ 4,200	\$ 4,200	\$ -	\$ 4,200	\$ -
Planning services	50,311	47,088	-	47,088	3,223
Engineering	30,012	26,452	-	26,452	3,560
Construction	439,294	351,260	11,939	363,199	76,095
	<u>\$ 523,817</u>	<u>\$ 429,000</u>	<u>\$ 11,939</u>	<u>\$ 440,939</u>	<u>\$ 82,878</u>
Total Expenditures					
Revenues Over (Under) Expenditures	<u>\$ (156,600)</u>	<u>\$ (151,233)</u>	<u>\$ (2,465)</u>	<u>\$ (153,698)</u>	<u>\$ 2,902</u>
<b>Other Financing Sources (Uses):</b>					
Transfers-in:					
General fund	\$ 141,000	\$ 141,000	\$ -	\$ 141,000	\$ -
Parks and Recreation Reserve Fund	46,600	46,600	-	46,600	-
Capital reserve fund	10,000	10,000	-	10,000	-
Transfers-out:					
Port of Swannsborough	(41,000)	(41,000)	-	(41,000)	-
	<u>\$ 156,600</u>	<u>\$ 156,600</u>	<u>\$ -</u>	<u>\$ 156,600</u>	<u>\$ -</u>
Total Other Financing Sources					
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 5,367</u>	<u>\$ (2,465)</u>	<u>\$ 2,902</u>	<u>\$ -</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			5,367		
End of year, June 30			<u>\$ 2,902</u>		

**Town of Swansboro, North Carolina**  
**Capital Project Funds**  
**Information Technology Project Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental					
Time Warner contribution	\$ 55,300	\$ 55,300	\$ -	\$ 55,300	\$ -
Total Revenues	\$ 55,300	\$ 55,300	\$ -	\$ 55,300	\$ -
<b>Expenditures:</b>					
Construction	\$ 82,500	\$ 101,486	\$ -	\$ 101,486	\$ (18,986)
Supplies	22,800	1,273	-	1,273	21,527
Capital Outlay	15,000	14,302	-	14,302	698
Miscellaneous	5,000	2,761	-	2,761	2,239
Total Expenditures	\$ 125,300	\$ 119,822	\$ -	\$ 119,822	\$ 5,478
Revenues Over (Under) Expenditures	\$ (70,000)	\$ (64,522)	\$ -	\$ (64,522)	\$ 5,478
<b>Other Financing Sources (Uses):</b>					
Transfers-in:					
General Fund	\$ 45,000	\$ 45,000	\$ -	\$ 45,000	\$ -
Town Hall Offices Project	25,000	25,000	-	25,000	-
Total Other Financing Sources	\$ 70,000	\$ 70,000	\$ -	\$ 70,000	\$ -
Over (Under) Expenditures	\$ -	\$ 5,478	\$ -	\$ 5,478	\$ 5,478
<b>Fund Balance:</b>					
Beginning of year, July 1			5,478		
End of year, June 30			\$ 5,478		

**Town of Swansboro, North Carolina**  
**Capital Project Funds**  
**Municipal Park Improvement Project Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>					
Restricted intergovernmental:					
PARTF grant	\$ 500,000	\$ 477,642	\$ -	\$ 477,642	\$ (22,358)
NC Dept of Natural & Cultural Resources	196,324	195,187	-	195,187	(1,137)
Donations	100,000	100,000	-	100,000	-
	<u>796,324</u>	<u>772,829</u>	<u>-</u>	<u>772,829</u>	<u>(23,495)</u>
Total Revenues	\$ 796,324	\$ 772,829	\$ -	\$ 772,829	\$ (23,495)
<b>Expenditures:</b>					
Design and engineering	\$ 30,000	\$ 28,297	\$ -	\$ 28,297	\$ 1,703
Construction-recreation center	708,000	694,661	-	694,661	13,339
Construction-concession stand	75,000	69,402	-	69,402	5,598
Construction-SMP enhancement	295,404	244,181	38,720	282,901	12,503
Exercise trail	26,900	26,836	-	26,836	64
Skateboard area	58,500	58,192	-	58,192	308
Playground structure	81,500	81,434	-	81,434	66
Equipment	9,800	9,800	-	9,800	-
Contingency	40,000	37,344	-	37,344	2,656
	<u>1,325,104</u>	<u>1,250,147</u>	<u>38,720</u>	<u>1,288,867</u>	<u>36,237</u>
Total Expenditures	\$ 1,325,104	\$ 1,250,147	\$ 38,720	\$ 1,288,867	\$ 36,237
<b>Other Financing Sources (Uses):</b>					
Transfers-in:					
General Fund	\$ 160,000	\$ 160,000	\$ -	\$ 160,000	\$ -
Parks & Recreation Reserve Fund	368,780	368,780	-	368,780	-
	<u>528,780</u>	<u>528,780</u>	<u>-</u>	<u>528,780</u>	<u>-</u>
Total Other Financing Sources	\$ 528,780	\$ 528,780	\$ -	\$ 528,780	\$ -
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 51,462</u>	<u>\$ (38,720)</u>	<u>\$ 12,742</u>	<u>\$ 12,742</u>
<b>Fund Balance:</b>					
Beginning of year, July 1			<u>51,462</u>		
End of year, June 30			<u>\$ 12,742</u>		



**Town of Swansboro, North Carolina**  
**Stormwater Fund**  
**Schedule of Revenues And Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues			
Charges for services	\$ 109,686	\$ 133,961	\$ 24,275
Other operating revenues	7,638	5,415	(2,223)
Total Operating Revenues	<u>\$ 117,324</u>	<u>\$ 139,376</u>	<u>\$ 22,052</u>
Expenditures			
Stormwater:			
Salaries and employee benefits		\$ 65,903	
Supplies		2,726	
Maintenance		27,233	
Tipping fees		650	
Other operating expenditures		21,873	
Total	<u>\$ 132,552</u>	<u>\$ 118,385</u>	<u>\$ 14,167</u>
Capital outlay	6,033	6,033	-
Total Expenditures	<u>\$ 138,585</u>	<u>\$ 124,418</u>	<u>\$ 14,167</u>
Revenues Over (Under) Expenditures	<u>\$ (21,261)</u>	<u>\$ 14,958</u>	<u>\$ 36,219</u>
Other Financing Sources (Uses)			
Transfers from (to) other funds	\$ 13,774	\$ 13,774	\$ -
Fund balance appropriated	7,487	-	(7,487)
Total Other Financing Sources	<u>\$ 21,261</u>	<u>\$ 13,774</u>	<u>\$ (7,487)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 28,732</u>	<u>\$ 28,732</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		<u>\$ 28,732</u>	
Reconciling items:			
Capital outlay		6,033	
Increase in deferred outflows of resources-pensions		(3,215)	
Increase in net pension liability		6,549	
Decrease in deferred inflows of resources-pensions		(7,459)	
Depreciation		(1,776)	
Increase in OPEB liability		6,656	
Total reconciling items		<u>\$ 6,788</u>	
Change in Net Position		<u>\$ 35,520</u>	

**Town of Swansboro, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues And Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services		\$ 399,232	
Other operating revenues		-	
Total operating revenues	\$ 378,720	\$ 399,232	\$ 20,512
Non-operating revenues:			
Interest earnings	-	-	-
Total Revenues	\$ 378,720	\$ 399,232	\$ 20,512
Expenditures			
Sewer			
Salaries and employee benefits		\$ 56,045	
Supplies		3,098	
Tipping fees		76,102	
Other operating expenditures		250,346	
Total	\$ 386,425	\$ 385,591	\$ 834
Capital Outlay	\$ 6,032	\$ 6,032	\$ -
Total Expenditures	\$ 392,457	\$ 391,623	\$ 834
Revenues Over (Under) Expenditures	\$ (13,737)	\$ 7,609	\$ 21,346
Other Financing Sources (Uses)			
Transfers from (to) other funds	\$ 13,737	\$ 13,737	\$ -
Fund balance increase	-	-	-
Total Other Financing Sources (Uses)	\$ 13,737	\$ 13,737	\$ -
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 21,346	\$ 21,346
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		\$ 21,346	
Reconciling items:			
Depreciation		(22,275)	
Capital outlay		6,032	
Increase in deferred outflows or resources-pensions		(3,215)	
Increase in net pension liability		6,549	
Increase in deferred inflows of resources-pensions		(7,459)	
Increase in OPEB liability		6,656	
Total Reconciling Items		\$ (13,712)	
Change in Net Position		\$ 7,634	

## Other Schedules

---

This section contains additional information on property taxes.

---

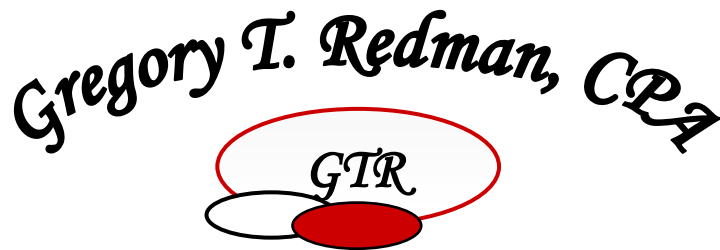
- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**Town of Swansboro, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 1,831,147	\$ 1,818,976	\$ 12,171
2019-2020	15,905	-	13,067	2,838
2018-2019	3,634	-	1,835	1,799
2017-2018	2,022	-	205	1,817
2016-2017	2,459	-	1,050	1,409
2015-2016	1,836	-	302	1,534
2014-2015	1,970	-	405	1,565
2013-2014	3,503	-	110	3,393
2012-2013	5,256	-	13	5,243
2011-2012	1,922	-	16	1,906
2010-2011	1,996	-	1,996	-
2009-2010	2,431	-	2,431	-
	<u>\$ 42,934</u>	<u>-</u>	<u>1,840,406</u>	<u>\$ 33,675</u>
Less: allowance for uncollectible accounts				<u>7,281</u>
Ad valorem taxes receivable - net				<u>\$ 26,394</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 1,838,055</u>
Reconciling items:				
Releases and adjustments				4,678
Taxes written off				4,427
Interest collected				(6,754)
Total reconciling items				<u>\$ 2,351</u>
Total collections and credits				<u>\$ 1,840,406</u>

**Town of Swansboro, 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	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 480,945,714	0.35	\$ 1,683,310	\$ 1,683,310	\$ -
Registered motor vehicles taxed at current rate	42,239,143	0.35	147,837	-	147,837
Total property valuation	<u>\$ 523,184,857</u>				
Net levy			\$ 1,831,147	\$ 1,683,310	\$ 147,837
Unpaid (by taxpayer) at June 30, 2021			<u>(12,171)</u>	<u>(12,171)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,818,976</u>	<u>\$ 1,671,139</u>	<u>\$ 147,837</u>
Current levy collection percentage			<u>99.34%</u>	<u>99.28%</u>	<u>100.00%</u>



Member  
North Carolina Association of  
Certified Public Accountants

Member  
American Institute of  
Certified Public Accountants

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 Town Council  
Town of Swansboro, North Carolina

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

Internal Control over Financial Reporting

In planning and performing my audit, I considered Town of Swansboro, North Carolina's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Swansboro, North Carolina's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

My consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 the Town of Swansboro, North Carolina's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Gregory S. Audman, CPA". The signature is written in a cursive, flowing style.

Tarboro, North Carolina  
November 15, 2021