

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**TOWN OF SWANSBORO
SWANSBORO, NORTH CAROLINA**



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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Financial Statements
Town of Swansboro
Swansboro, North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2022

Board of Commissioners

John Davis, Mayor
Frank Tursi, Mayor Pro Tem
Patricia Turner
Larry Philpot
Harry Pugliese
Jeffrey Conaway

Administrative Staff and Financial Staff

Paula Webb, Town Manager
Sonia Johnson, Finance Director

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Town of Swansboro, North Carolina
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 - List of Principal Officials
 - GFOA Certificate of Achievement for Excellence in Financial Reporting, June 30, 2021
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Board of Commissioners

John Davis, Mayor
Frank Tursi, Mayor Pro Tem
Patricia Turner, Commissioner
Larry Philpott, Commissioner
Harry "PJ" Pugliese, Commissioner
Jeffrey Conaway, Commissioner



sm

Town Manager
Paula Webb

pwebb@ci.swansboro.nc.us

Town Clerk
Alissa Fender

afender@ci.swansboro.nc.us

Town of Swansboro

Friendly City by the Sea • Established 1783

www.swansboro-nc.org

December 31, 2022

The Honorable Mayor, Members of the Board of Commissioners,
and the Citizens of the Town of Swansboro, North Carolina:

The Town of Swansboro is pleased to submit its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. This report consists of management's representations concerning the financial condition of the Town of Swansboro. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report.

To provide a reasonable basis for making these representations, management of the Town of Swansboro has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or unauthorized use and to compile reliable information for the preparation of the Town's financial statements in conformity with generally accepted accounting principles. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Town's financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting of Gregory T. Redman, CPA. All disclosures necessary for the reader to gain an understanding of the Town's financial affairs are included. An examination of the financial data together with an evaluation of its presentation, allowed the independent auditors to conclude with an unqualified opinion that the financial statements present fairly, in conformity with generally accepted accounting principles and in all material respects, the financial position and activities of all Town

funds. The Independent Auditor's Report may be viewed in the first portion of the financial section of this report.

PROFILE OF THE GOVERNMENT

The Town of Swansboro is a coastal bedroom community located in the extreme eastern part of Onslow County along the White Oak River and Intracoastal Waterway. With an estimated population of 3904 in 2021, per the NC State Demographer, Swansboro is not just another location with a potential for growth, but a unique and quaint community with a strong background, a rich history, and a healthy economy.

Once the site of an Algonquian Indian village, Swansboro was first established by European settlers moving south from New England around 1730 and was incorporated as a town in 1783. Originally a community whose economy was based on the shipping of timber products, boat-building, and commercial fishing, Swansboro is now a largely suburban community whose residents work mostly in the Jacksonville metropolitan area, on the nearby military base, in local retail businesses, in the construction industry, and in tourism-related businesses.

The Town of Swansboro operates under the council-manager form of government. The Board of Commissioners is comprised of a Mayor and five commissioners, who serve four-year staggered terms with the lowest vote recipient serving a two-year term. All are elected on a non-partisan basis. The Board of Commissioners is the policy-making and legislative authority of the Town and is responsible for adopting the annual budget, enacting ordinances, appointing members to various boards, and approving zoning and planning issues. The Town Manager is responsible for implementing Board policies and Town Ordinances, managing daily operations, and appointing department directors.

The Town of Swansboro provides a full range of services to its citizens that includes police and fire protection, emergency management, community planning, code enforcement, street, sidewalk, and drainage maintenance, sanitation, parks and recreation and various other services associated with the administration of the town. In late 2006 and early 2007, the Town, which had originally operated its own water and sewer department, entered into capital lease and operating agreements with the Onslow Water and Sewer Authority (ONWASA), for provision of these services.

The Town has maintained and regularly updated comprehensive community plans and has officially adopted plans on record. These include land use, bicycle, transportation, parks and recreation, waterfront access and development, gateway corridor, watershed, and downtown redevelopment.

In accordance with state law, the Town's budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a liability is incurred, except for interest on long-term debt and accrued vacation benefits.

The Board of Commissioners is required to adopt a final, balanced budget no later than July 1. This annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund and department. The Town Manager is authorized by the budget ordinance to make certain intra-fund transfers and to make some transfers from the capital reserve fund.

LOCAL ECONOMY

Located in Onslow County, home of the 2nd Marine Expeditionary Force (II MEF), Swansboro enjoys a very stable business climate supported by military families and base expenditures. The Town's population continues to increase as it has over the past few years. The most recently reported unemployment rate in Onslow County was 4.09%, slightly higher than the state average of 3.9%. From July 2021 through June 2022, the Town issued building permits for 39 new homes.

LONG TERM FINANCIAL PLANNING

The Town has completed multiple capital projects, in recent years, including the \$337,816 Town Hall renovation project, the \$294,631 Port O'Swannsborough public marina, \$66,000 Safe Routes to Schools sidewalk project. The Town has also made significant improvements to its Municipal Park, Old Town Hall, and Public Safety Building. These include a \$75,000 playground project, an exercise trail, a skatepark facility, renovations to the Concession Stand, a new \$754,523 Recreation Center, kayak launch, boardwalk & walkway at Bicentennial Park, \$273,652 for an inclusive playground at Municipal Park, \$560,992 renovations to the Public Safety Building, \$231,670 for Sleeping Quarters at the Public Safety Building, \$116,634 for sidewalk additions along NC 24, Old Hammocks Road, and Hammocks Beach Road, and \$75,917 for the Walnut Street Retrofit project. Overall, the Town's net capital assets have risen from \$5,257,854 in 2013 to \$6,733,814 in 2022.

During the same period (2013-2022), the Town's outstanding debt has decreased by 11% (from \$1,307,532 to \$1,160,449), its debt per capita has decreased by 36% (from \$466 to \$297), and its legal debt margin has increased by 26% (from \$31 million to \$42 million).

The Town has several capital projects still budgeted and/or underway, including more sidewalk construction, Emmerton School Repairs, Bicentennial Park Boardwalk, and the Emergency Operations Center/Public Safety Building Project.

In FY 2017-2018, the Town developed the Town's first Capital Improvement Plan (CIP). The CIP is a planning and budget tool which addresses the repair and replacement of existing infrastructure as well as the construction or acquisition of new facilities and equipment to accommodate current and future demands for service. The CIP was deferred for three years; however, it was re-introduced in FY 2022/2023. The Town's unassigned fund balance was \$2,976,642 on June 30, 2022.

FINANCIAL POLICIES

Despite the financial difficulties suffered by many other local governments during the recession, the Town has worked to become operationally leaner and financially stronger. Its improvements in financial condition are based on the following tenets of budgeting and financial planning:

- Budgets are based on specific goals and objectives previously identified by the governing board.
- In decisions relating to capital expenditures, emphasis is placed on the strategic use of funds for community improvements that will have lasting value for the quality of life in the community.
- Pursuit of cost savings in municipal operations is a constant objective of management.

- Funding from other, non-local sources (grants, donations, and partnerships) has been pursued to help accomplish previously identified goals.
 - \$1,065,724 made available through the Coronavirus Local Fiscal Recovery Fund for general governmental services to include but not limited to maintenance & repairs to Town facilities, equipment, improvements to parks, and vehicles.
 - \$6,100,000 made available through the State Construction and Infrastructure Fund (SCIF) for an Emergency Operations Center/Public Safety Building (\$6,000,000) and sidewalks (\$100,000).
- Capital reserve budgeting has been significantly increased through the Capital Improvement Plan to anticipate and prepare for future major expenditures.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Swansboro for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This is the 26th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the hard work and dedication of the employees of the Finance Department and the Department Heads. Each of them has our sincerest thanks.

In closing, appreciation is extended to the Mayor and Town Commissioners for the encouragement, assistance, and stewardship of public funds that they have provided. The community owes the significant progress being made in public facilities, public safety, and services and the steady improvements in the Town's financial condition to their support of strong financial planning and management.

Respectively submitted,



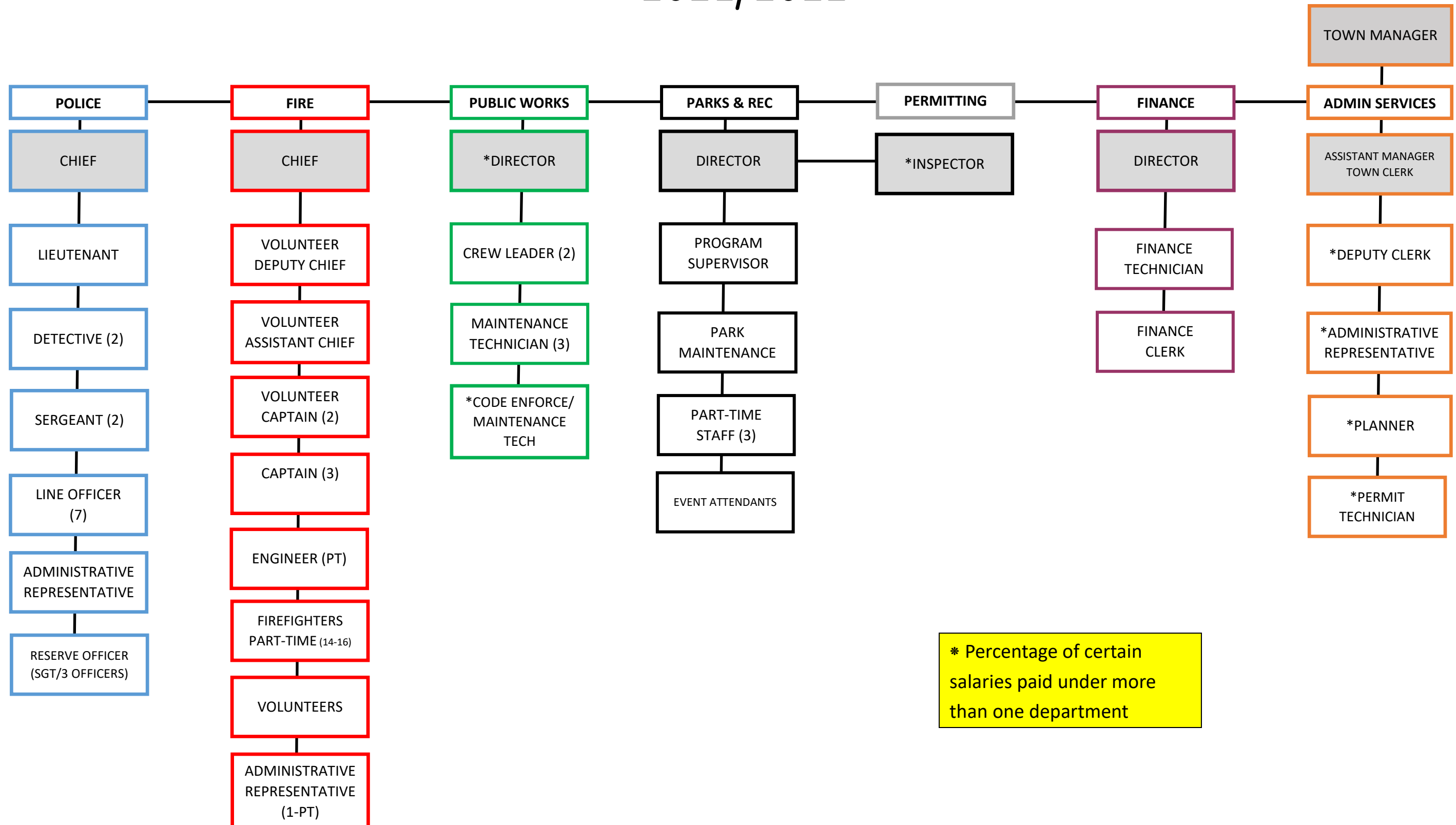
Paula Webb
Town Manager



Sonia Johnson
Finance Director

Organizational Chart

2021/2022



* Percentage of certain salaries paid under more than one department

TOWN OF SWANSBORO, NORTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2022

Elected Officials

Mayor	John Davis
Mayor Pro-Tem	Frank Tursi
Commissioner	Patricia Turner
Commissioner	Larry Philpot
Commissioner	Harry Pugliese
Commissioner	Jeffrey Conaway

Appointed Officials

Town Attorney	Ward & Smith, P.A.
Town Manager	Paula Webb
Town Clerk	Alissa Fender
Finance Director	Sonia Johnson
Police Chief	Thomas Taylor
Fire Chief	David Degnan
Public Works Director	Gerald Bates
Town Planner	Andrea Correll
Parks & Recreation Director	Anna Stanley



Government Finance Officers Association

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

Presented to

**Town of Swansboro
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

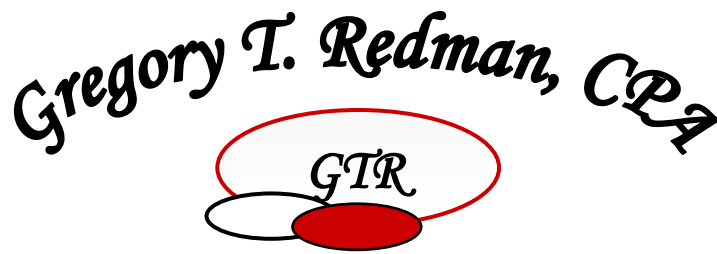
Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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- Independent Auditor's Report
 - Management's Discussion and Analysis
 - Basic Financial Statements
 - Notes to the Financial Statements
 - Required Supplement Financial Data
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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 Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Swansboro, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Swansboro, North Carolina's basic financial statements as listed in the table of contents.

In my opinion, based on my audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of Town of Swansboro, North Carolina as of June 30, 2022, and the respective changes in financial position, and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United State My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Town of Swansboro, North Carolina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Audit of 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Swansboro, North Carolina's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Swansboro, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Swansboro, North Carolina's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

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 Total OPEB Liability and Related Ratios, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, 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

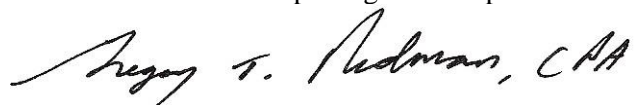
information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 consist 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Swansboro, North Carolina's basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion based on my audit the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated November 15, 2022 on my consideration of the 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 grant agreements and other matters. The purpose of that 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 the effectiveness of the Town of Swansboro, North Carolina's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Swansboro, North Carolina's internal control over financial reporting and compliance.



Tarboro, North Carolina
November 15, 2022

Management's Discussion and Analysis

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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, 2022. 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

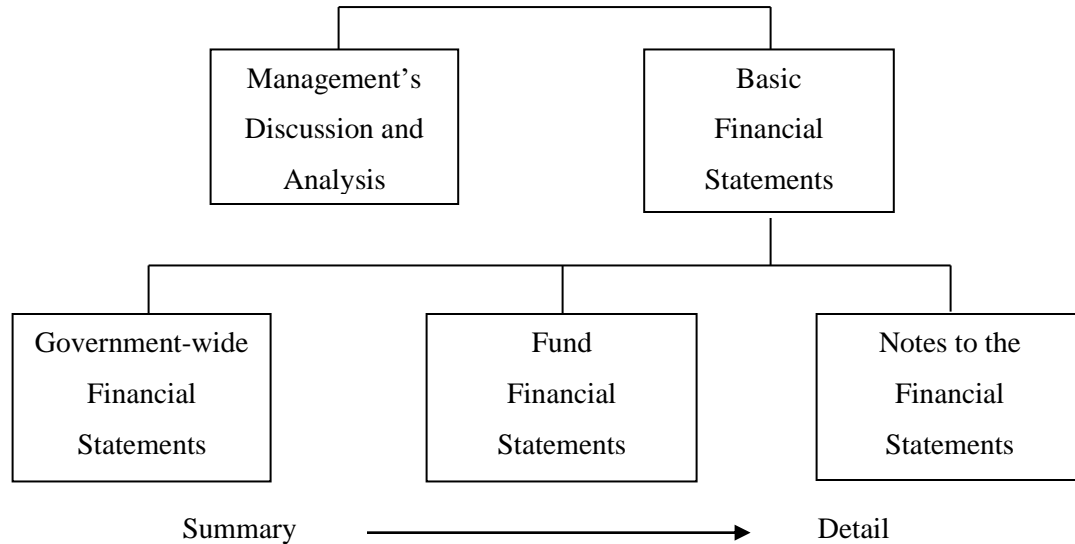
Highlights of the Town's fiscal year ended June 30, 2022 include:

- The assets of the Town of Swansboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,839,718 (*net position*)
- The government's total net position increased by \$369,489.
- As of the close of the current fiscal year, the Town of Swansboro's governmental funds reported combined ending fund balances of \$4,057,546, an increase of \$206,647 in comparison with the prior year. Approximately 73 percent of this total amount, or \$2,976,642 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 \$2,976,642, or 69 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 26th 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



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 9) 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.

Management Discussion and Analysis

Town of Swansboro

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.

Management Discussion and Analysis

Town of Swansboro

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 27-61 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 62-66 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 11,531,614	\$ 4,666,799	\$ 293,069	\$ 163,641	\$ 11,824,683	\$ 4,830,440
Capital and other noncurrent assets	6,733,814	7,053,832	258,974	227,836	6,992,788	7,281,668
Total assets	<u>\$ 18,265,428</u>	<u>\$11,720,631</u>	<u>\$ 552,043</u>	<u>\$ 391,477</u>	<u>\$ 18,817,471</u>	<u>\$ 12,112,108</u>
Deferred outflows of resources	\$ 850,945	\$ 710,088	\$ 40,990	\$ 24,842	\$ 891,935	\$ 734,930
Long-term liabilities	\$ 1,962,369	\$ 2,898,586	\$ 48,518	\$ 85,184	\$ 2,010,887	\$ 2,983,770
Other liabilities	7,593,321	1,065,007	32,799	33,974	7,626,120	1,098,981
Total liabilities	<u>\$ 9,555,690</u>	<u>\$ 3,963,593</u>	<u>\$ 81,317</u>	<u>\$ 119,158</u>	<u>\$ 9,637,007</u>	<u>\$ 4,082,751</u>
Deferred inflows of resources	\$ 1,181,755	\$ 293,926	\$ 50,926	\$ 132	\$ 1,232,681	\$ 294,058
Net position:						
Net investment in capital assets	\$ 5,573,365	\$ 5,599,105	\$ 258,974	\$ 227,836	\$ 5,832,339	\$ 5,826,941
Restricted	1,079,103	1,169,631	-	-	1,079,103	1,169,631
Unrestricted	1,726,460	1,404,464	201,816	69,193	1,928,276	1,473,657
Total net position	<u><u>\$ 8,378,928</u></u>	<u><u>\$ 8,173,200</u></u>	<u><u>\$ 460,790</u></u>	<u><u>\$ 297,029</u></u>	<u><u>\$ 8,839,718</u></u>	<u><u>\$ 8,470,229</u></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 \$8,839,718 as of June 30, 2022.

The Town's net position increased by \$369,489 for the fiscal year ended June 30, 2022. 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, \$1,079,103, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,928,276 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 99.42%.
- 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

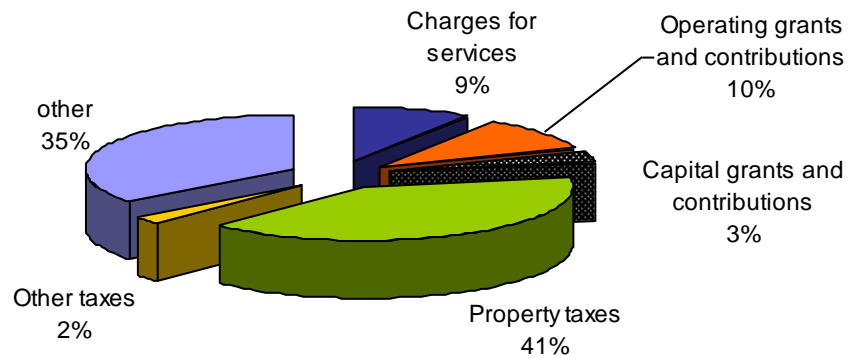
Changes in net position- The following table presents the Town's changes in net position for the fiscal year ended June 30, 2022:

Town of Swansboro Changes in Net Position
Figure 3

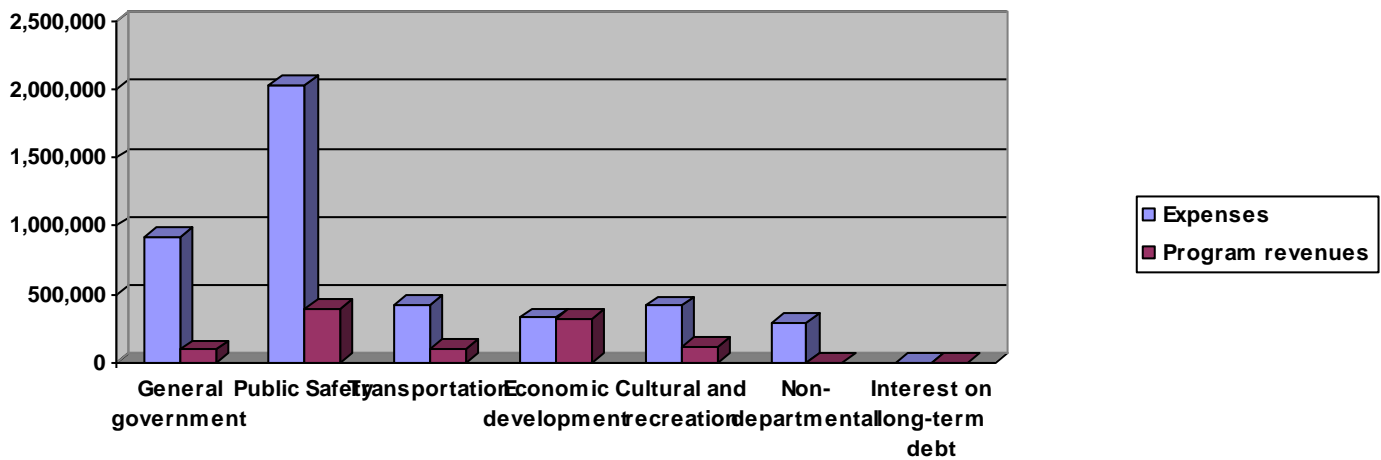
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 437,882	\$ 493,238	\$ 605,915	\$ 533,193	\$ 1,043,797	\$ 1,026,431
Operating grants and contributions	459,558	584,617	-	-	459,558	584,617
Capital grants and contributions	147,807	9,474	-	-	147,807	9,474
General revenues:						
Property taxes	1,893,788	1,827,866	-	-	1,893,788	1,827,866
Other taxes	102,690	78,930	-	-	102,690	78,930
Grants and contributions not restricted to specific programs	1,617,719	1,473,942	-	-	1,617,719	1,473,942
Other	54,199	98,952	10,035	5,415	64,234	104,367
Total revenues	<u>\$ 4,713,643</u>	<u>\$ 4,567,019</u>	<u>\$ 615,950</u>	<u>\$ 538,608</u>	<u>\$ 5,329,593</u>	<u>\$ 5,105,627</u>
Expenses:						
General government	\$ 924,517	\$ 700,524	\$ -	\$ -	\$ 924,517	\$ 700,524
Public safety	2,031,383	2,266,322	-	-	2,031,383	2,266,322
Transportation	430,280	449,106	-	-	430,280	449,106
Economic development	331,837	143,597	-	-	331,837	143,597
Environmental protection	-	-	-	-	-	-
Cultural and recreation	419,503	369,351	-	-	419,503	369,351
Other	297,584	221,532	-	-	297,584	221,532
Interest on long-term debt	2,657	9,706	-	-	2,657	9,706
Stormwater	-	-	122,200	117,630	122,200	117,630
Solid Waste	-	-	400,143	405,335	400,143	405,335
Total expenses	<u>\$ 4,437,761</u>	<u>\$ 4,160,138</u>	<u>\$ 522,343</u>	<u>\$ 522,965</u>	<u>\$ 4,960,104</u>	<u>\$ 4,683,103</u>
Increase in net position before transfers and special items	\$ 275,882	\$ 406,881	\$ 93,607	\$ 15,643	\$ 369,489	\$ 422,524
Transfers and special items	(70,154)	(27,510)	70,154	27,511	-	1
Increase in net position	\$ 205,728	\$ 379,371	\$ 163,761	\$ 43,154	\$ 369,489	\$ 422,525
Net position, July 1	8,173,200	7,793,829	297,029	253,875	8,470,229	8,047,704
Net position-beginning, restated	-	-	-	-	-	-
Net position, June 30	<u>\$ 8,378,928</u>	<u>\$ 8,173,200</u>	<u>\$ 460,790</u>	<u>\$ 297,029</u>	<u>\$ 8,839,718</u>	<u>\$ 8,470,229</u>

Governmental Activities

Revenues by Source – Governmental Activities



Expenses and Program Revenues – Governmental Activities



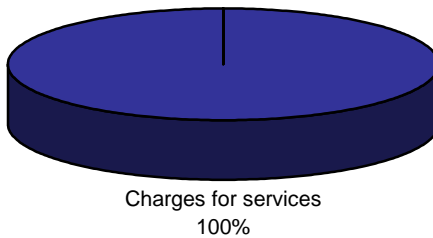
Total government-wide revenues were primarily derived from property taxes, other taxes, and grants and contributions not restricted to specific programs.

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

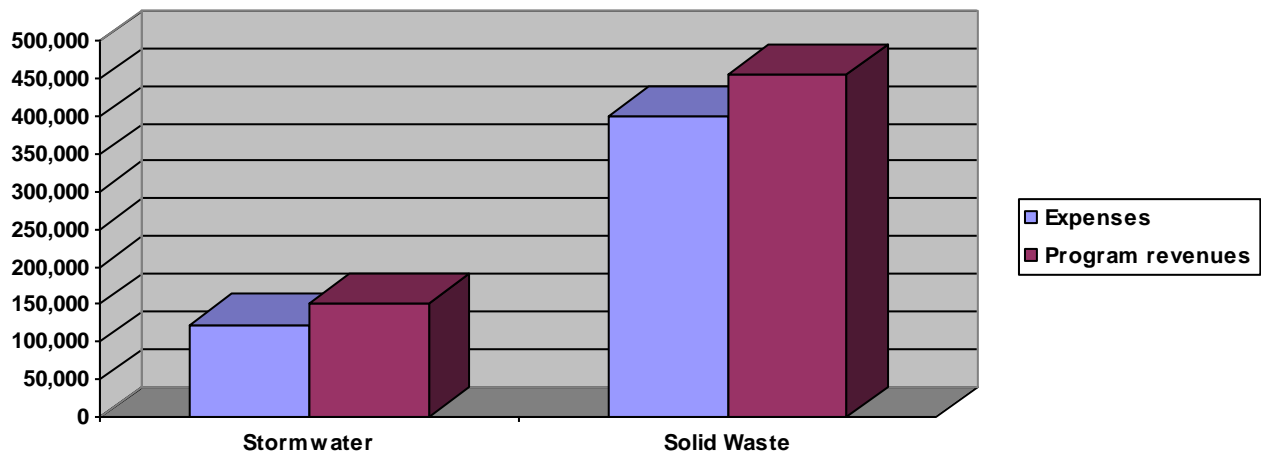
Governmental activities increased the Town's net position by \$205,728.

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 \$163,761.

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.

Management Discussion and Analysis
Town of Swansboro

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 \$2,976,642, while the total fund balance reached \$4,057,546. 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 69% of general fund expenditures, while total fund balance represents 94% of the same amount.

At June 30, 2022, the governmental funds of Town of Swansboro reported a combined fund balance of \$4,057,546, a 5.3% increase from last year. The change in fund balance in the General Fund is due to an increase in additional property tax revenue, sales 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 \$201,816.

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:

- Admin Services-\$27,889 for professional services.
- Finance-\$4,200 for personnel costs.
- Legal-\$20,000 for legal fees.
- Public Buildings-\$75,054-HVAC Systems and repair & Maintenance of grounds.
- Fire-\$14,199 for capital outlay and personnel costs.
- Permitting-\$7,229 for professional services.
- Police-\$36,000 for personnel costs.
- Streets-\$143,689 for capital purchases and professional services.
- Powell Bill-State Aid-\$16,854 for capital purchases and personnel costs.
- Parks & Recreation-\$47,449 for the purchase of cameras and professional services.
- Emergency Management-\$114,220 for professional services, transfer switch, and damages incurred by Hurricane Isaias.
- Festivals & Events-\$1,750 for Flotilla Costs.
- Non-Departmental-\$176,186 for capital expenditures, professional services, and occupancy tax .

Management Discussion and Analysis
Town of Swansboro

Transfer to Capital Reserve:

- Non-Departmental \$72,550 for future capital purchases.

Transfer to Stormwater Enterprise Fund:

- \$68,707.60 for the purchase of new equipment and personnel costs.

Transfer to Solid Waste Enterprise Fund:

- \$1,446 for the personnel costs.

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, 2022, totals \$6,992,788 (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 Town Hall and Parks & Recreation Center-\$47,603.
- Fire Department Vehicle/Equipment-\$5,735.
- Public Works Equipment-\$81,783.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 987,588	\$ 999,498	\$ -	\$ -	\$ 987,588	\$ 999,498
Buildings and systems	2,868,288	2,869,755	-	-	2,868,288	2,869,755
Improvements other than buildings	542,942	646,815	-	-	542,942	646,815
Machinery and equipment	270,397	251,682	258,974	227,836	529,371	479,518
Software	-	-	-	-	-	-
Vehicles and motorized equipment	621,636	680,360	-	-	621,636	680,360
Monuments	67,198	67,198	-	-	67,198	67,198
Infrastructure	1,375,765	818,196	-	-	1,375,765	818,196
Construction in progress	-	720,328	-	-	-	720,328
Total	<u>\$6,733,814</u>	<u>\$7,053,832</u>	<u>\$258,974</u>	<u>\$227,836</u>	<u>\$6,992,788</u>	<u>\$7,281,668</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, 2022, the Town of Swansboro had total debt outstanding of \$1,160,449.

Town of Swansboro's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment notes	\$ 1,160,449	\$ 1,454,727	\$ -	\$ -	\$ 1,160,449	\$ 1,454,727

The Town of Swansboro's total debt decreased by \$294,278 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.
- 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 2022-2023 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2023

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.

Basic Financial Statements

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Town of Swansboro, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental	Business-type		Swansboro
	Activities	Activities	Total	Tourism
				Development
				Authority
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,766,706	\$ 212,767	\$ 3,979,473	\$ 161,908
Restricted cash	7,145,271	-	7,145,271	-
Account interest receivable on taxes	12,289	-	12,289	-
Taxes receivable (net)	25,045	-	25,045	-
Deposits	-	-	-	50
Leases receivable	133,450	-	133,450	-
Accounts receivable (net)	281,974	80,302	362,276	13,652
Grants receivable	166,879	-	166,879	-
Total Current Assets	<u>\$ 11,531,614</u>	<u>\$ 293,069</u>	<u>\$ 11,824,683</u>	<u>\$ 175,610</u>
Non-current Assets:				
Capital Assets:				
Land and non-depreciable assets	1,054,786	-	1,054,786	-
Depreciable assets, net	5,679,028	258,974	5,938,002	-
Total Capital Assets	<u>\$ 6,733,814</u>	<u>\$ 258,974</u>	<u>\$ 6,992,788</u>	<u>\$ -</u>
Total Assets	<u><u>\$ 18,265,428</u></u>	<u><u>\$ 552,043</u></u>	<u><u>\$ 18,817,471</u></u>	<u><u>\$ 175,610</u></u>
Deferred Outflows of Resources				
Pension and OPEB deferrals	<u>\$ 850,945</u>	<u>\$ 40,990</u>	<u>\$ 891,935</u>	<u>\$ -</u>
Liabilities				
Current Liabilities:				
Accounts payable	\$ 662,533	\$ 31,807	\$ 694,340	\$ -
Liabilities payable from restricted assets	6,500,775	-	6,500,775	-
Other liabilities	141,777	-	141,777	-
Current portion long-term liabilities	288,236	992	289,228	-
Total Current Liabilities	<u>\$ 7,593,321</u>	<u>\$ 32,799</u>	<u>\$ 7,626,120</u>	<u>\$ -</u>
Long-term liabilities:				
Due in more than one year	1,962,369	48,518	2,010,887	-
Total Long-term Liabilities	<u>\$ 1,962,369</u>	<u>\$ 48,518</u>	<u>\$ 2,010,887</u>	<u>\$ -</u>
Total Liabilities	<u><u>\$ 9,555,690</u></u>	<u><u>\$ 81,317</u></u>	<u><u>\$ 9,637,007</u></u>	<u><u>\$ -</u></u>
Deferred Inflows of Resources				
Pension and OPEB deferrals	\$ 1,050,106	\$ 50,926	\$ 1,101,032	\$ -
Leases	131,649	-	131,649	-
Total Current Liabilities	<u>\$ 1,181,755</u>	<u>\$ 50,926</u>	<u>\$ 1,232,681</u>	<u>\$ -</u>
Net Position				
Net investment in capital assets	\$ 5,573,365	\$ 258,974	\$ 5,832,339	\$ -
Restricted for:				
Stabilization by State Statute	450,654	-	450,654	13,652
Streets	41,880	-	41,880	-
Capital improvements	586,569	-	586,569	-
Unrestricted	1,726,460	201,816	1,928,276	161,958
Total Net Position	<u><u>\$ 8,378,928</u></u>	<u><u>\$ 460,790</u></u>	<u><u>\$ 8,839,718</u></u>	<u><u>\$ 175,610</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, 2022

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	
Primary Government:								
Governmental Activities:								
General government	\$ 924,517	\$ 98,838	\$ -	\$ -	\$ (825,679)	\$ -	\$ (825,679)	
Public safety	2,031,383	223,605	174,087	-	(1,633,691)	-	(1,633,691)	
Transportation	430,280	-	108,171	-	(322,109)	-	(322,109)	
Economic development	331,837	-	174,544	147,807	(9,486)	-	(9,486)	
Environmental protection	-	-	2,756	-	2,756	-	2,756	
Cultural and recreation	419,503	115,439	-	-	(304,064)	-	(304,064)	
Non-departmental	297,584	-	-	-	(297,584)	-	(297,584)	
Interest on long-term debt	2,657	-	-	-	(2,657)	-	(2,657)	
Total Governmental Activities	<u>\$ 4,437,761</u>	<u>\$ 437,882</u>	<u>\$ 459,558</u>	<u>\$ 147,807</u>	<u>\$ (3,392,514)</u>	<u>\$ -</u>	<u>\$ (3,392,514)</u>	
Business-type Activities:								
Stormwater	\$ 122,200	\$ 150,813	\$ -	\$ -	\$ -	\$ 28,613	\$ 28,613	
Solid waste	400,143	455,102	-	-	-	54,959	54,959	
Total business-type activities	<u>\$ 522,343</u>	<u>\$ 605,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,572</u>	<u>\$ 83,572</u>	
Total Primary Government	<u>\$ 4,960,104</u>	<u>\$ 1,043,797</u>	<u>\$ 459,558</u>	<u>\$ 147,807</u>	<u>\$ (3,392,514)</u>	<u>\$ 83,572</u>	<u>\$ (3,308,942)</u>	
Component Unit:								
Swansboro Tourism Development Authority	<u>\$ 73,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ 73,135</u>
General Revenues:								
Taxes:								
Property taxes					\$ 1,893,788	\$ -	\$ 1,893,788	\$ -
Other taxes					102,690	-	102,690	101,269
Grants and contributions not restricted to specific programs					1,617,719	-	1,617,719	-
Unrestricted investment earnings					1,650	-	1,650	-
Miscellaneous					52,549	10,035	62,584	4,600
Total General Revenues Not Including Transfers					<u>\$ 3,668,396</u>	<u>\$ 10,035</u>	<u>\$ 3,678,431</u>	<u>\$ 105,869</u>
Transfers					(70,154)	70,154	-	-
Total General Revenues and Transfers					<u>\$ 3,598,242</u>	<u>\$ 80,189</u>	<u>\$ 3,678,431</u>	<u>\$ 105,869</u>
Change In Net Position					205,728	163,761	369,489	32,734
Net position, beginning					8,173,200	297,029	8,470,229	142,876
Net position, ending					<u>\$ 8,378,928</u>	<u>\$ 460,790</u>	<u>\$ 8,839,718</u>	<u>\$ 175,610</u>

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

Town of Swansboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	<u>Major Funds</u>		<u>Non-Major Funds</u>	
	<u>General Fund</u>	<u>State Capital Infrastructure Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,766,706	\$ -	\$ -	\$ 3,766,706
Restricted cash	56,790	6,000,000	1,088,481	7,145,271
Receivables, net:				
Taxes	25,045	-	-	25,045
Accounts	281,974	-	-	281,974
Leases	133,450	-	-	133,450
Grants	166,879	-	-	166,879
Due from other funds	-	-	-	-
Total Assets	<u>\$ 4,430,844</u>	<u>\$ 6,000,000</u>	<u>\$ 1,088,481</u>	<u>\$ 11,519,325</u>
Liabilities				
Liabilities payable from restricted assets	\$ -	\$ 6,000,000	\$ 500,775	\$ 6,500,775
Accounts payable and accrued liabilities	661,396	-	1,137	662,533
Other liabilities	141,777	-	-	141,777
Total Liabilities	<u>\$ 803,173</u>	<u>\$ 6,000,000</u>	<u>\$ 501,912</u>	<u>\$ 7,305,085</u>
Deferred Inflows of Resources				
Property taxes receivable	\$ 25,045	\$ -	\$ -	\$ 25,045
Leases	131,649	-	-	131,649
Total Deferred Inflows of Resources	<u>\$ 156,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,694</u>
Fund Balances				
Nonspendable:				
Leases	\$ 1,801	\$ -	\$ -	\$ 1,801
Restricted:				
Stabilization by State Statute	450,654	-	-	450,654
Streets	41,880	-	-	41,880
Capital improvements	-	-	586,569	586,569
Assigned:				
Subsequent year's expenditures	-	-	-	-
Unassigned	2,976,642	-	-	2,976,642
Total Fund Balances	<u>\$ 3,470,977</u>	<u>\$ -</u>	<u>\$ 586,569</u>	<u>\$ 4,057,546</u>
Total Liabilities, Deferred Inflows of Resources, And Fund Balances	<u>\$ 4,430,844</u>	<u>\$ 6,000,000</u>	<u>\$ 1,088,481</u>	<u>\$ 11,519,325</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
June 30, 2022

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

Total Fund Balance, Governmental Funds		\$ 4,057,546
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	10,438,538	
Accumulated depreciation	<u>(3,704,724)</u>	\$ 6,733,814
Deferred outflows of resources related to pensions are not reported in the funds		850,945
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.		12,289
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		(2,250,605)
Earned revenue considered deferred inflows of resources in fund statements		25,045
Deferred inflows of resources related to pensions are not reported in the funds		<u>(1,050,106)</u>
Net Position of Governmental Activities		<u><u>\$ 8,378,928</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, 2022

	Major		Non-Major Funds	
	General	State Capital	Other	Total
	Fund	Infrastructure	Governmental	Governmental
		Fund	Funds	Funds
Revenues				
Ad valorem taxes	\$ 1,895,353	\$ -	\$ -	\$ 1,895,353
Other taxes and licenses	102,690	-	-	102,690
Unrestricted intergovernmental	1,617,719	-	-	1,617,719
Restricted intergovernmental	459,558	-	147,807	607,365
Permits and fees	437,882	-	-	437,882
Sales and services	820	-	-	820
Investment earnings	1,650	-	-	1,650
Miscellaneous	50,679	-	-	50,679
Contributions	1,050	-	-	1,050
Total Revenues	<u>\$ 4,567,401</u>	<u>\$ -</u>	<u>\$ 147,807</u>	<u>\$ 4,715,208</u>
Expenditures				
Current:				
General government	\$ 956,227	\$ -	\$ -	\$ 956,227
Public safety	1,972,673	-	-	1,972,673
Transportation	267,521	-	-	267,521
Economic development	199,750	-	132,087	331,837
Cultural and recreational	315,630	-	-	315,630
Non-departmental	297,584	-	-	297,584
Debt service:				
Principal	294,278	-	-	294,278
Interest and other charges	2,657	-	-	2,657
Total Expenditures	<u>\$ 4,306,320</u>	<u>\$ -</u>	<u>\$ 132,087</u>	<u>\$ 4,438,407</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>\$ 261,081</u>	<u>\$ -</u>	<u>\$ 15,720</u>	<u>\$ 276,801</u>
Other Financing Sources (Uses)				
Loan issuance	\$ -	\$ -	\$ -	\$ -
Transfers in:				
Capital projects	47,450	-	(47,450)	-
General fund	-	-	-	-
Transfers out:				
Capital projects	-	-	-	-
Stormwater enterprise fund	(68,708)	-	-	(68,708)
Solid waste fund	(1,446)	-	-	(1,446)
Total Other Financing Sources And Uses	<u>\$ (22,704)</u>	<u>\$ -</u>	<u>\$ (47,450)</u>	<u>\$ (70,154)</u>
Net Change In Fund Balance	\$ 238,377	\$ -	\$ (31,730)	\$ 206,647
Fund balances, beginning	3,232,600	-	618,299	3,850,899
Fund balances, ending	<u>\$ 3,470,977</u>	<u>\$ -</u>	<u>\$ 586,569</u>	<u>\$ 4,057,546</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, 2022

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

Net change in fund balances - governmental funds	\$	206,647
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 94,229		
Depreciation expense for governmental assets	(402,337)	\$	(308,108)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		257,512
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Benefit payments paid for LEOSA are not included on the Statement of Activities		7,762
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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	\$ -		
Principal payments on long-term debt	294,278	\$	294,278

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue for tax revenues		(1,565)
--	--	---------

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	(107,176)		
Pension expense	(137,853)		
Other postemployment benefits	(5,769)		(250,798)

Total Change in Net Position of Governmental Activities	\$	205,728
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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
For the Fiscal Year Ended June 30, 2022

	General Fund			Variance With
	Original	Final	Actual	Final Budget
	Budget	Budget		Positive
				(Negative)
Revenues				
Ad valorem taxes	\$ 1,869,122	\$ 1,869,122	\$ 1,895,353	\$ 26,231
Other taxes and licenses	50,000	99,482	102,690	3,208
Unrestricted intergovernmental	1,158,439	1,353,600	1,617,719	264,119
Restricted intergovernmental	446,031	446,031	459,558	13,527
Permits and fees	386,215	386,215	437,882	51,667
Sales and services	-	500	820	320
Investment earnings	1,000	1,000	1,650	650
Miscellaneous	35,000	35,000	50,679	15,679
Contributions	-	1,800	1,050	(750)
Total Revenues	<u>\$ 3,945,807</u>	<u>\$ 4,192,750</u>	<u>\$ 4,567,401</u>	<u>\$ 374,651</u>
Expenditures				
Current:				
General government	\$ 1,070,873	\$ 1,049,986	\$ 956,227	\$ 93,759
Public safety	1,731,225	2,163,115	1,972,673	190,442
Transportation	388,496	388,496	267,521	120,975
Economic development	97,559	232,636	199,750	32,886
Cultural and recreational	320,568	342,489	315,630	26,859
Non-departmental	283,520	304,925	297,584	7,341
Debt Service:				
Principal	300,000	300,000	294,278	5,722
Interest and other charges	11,571	11,571	2,657	8,914
Total Expenditures	<u>\$ 4,203,812</u>	<u>\$ 4,793,218</u>	<u>\$ 4,306,320</u>	<u>\$ 486,898</u>
Revenues Over (Under) Expenditures	<u>\$ (258,005)</u>	<u>\$ (600,468)</u>	<u>\$ 261,081</u>	<u>\$ 861,549</u>
Other Financing Sources (Uses)				
Loan issuance	\$ -	\$ -	\$ -	\$ -
Sale of capital assets	-	-	-	-
Transfers-In	-	47,450	47,450	-
Transfers-Out	-	(81,262)	(70,154)	11,108
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (33,812)</u>	<u>\$ (22,704)</u>	<u>\$ 11,108</u>
Fund balance appropriated	<u>\$ 258,005</u>	<u>\$ 634,280</u>	<u>\$ -</u>	<u>\$ (634,280)</u>
Net Change In Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,377</u>	<u>\$ 238,377</u>
Fund balance, beginning			3,232,600	
Fund Balance, ending			<u>\$ 3,470,977</u>	

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, 2022

	Major Enterprise Funds		
	Stormwater Fund	Solid Waste Fund	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 87,078	\$ 125,689	\$ 212,767
Accounts receivable (net)	80,302	-	80,302
Due from other funds	-	-	-
Total Current Assets	<u>\$ 167,380</u>	<u>\$ 125,689</u>	<u>\$ 293,069</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	-	-	-
Other capital assets, net of depreciation	102,994	155,980	258,974
Capital assets (net)	<u>\$ 102,994</u>	<u>\$ 155,980</u>	<u>\$ 258,974</u>
Total Assets	<u><u>\$ 270,374</u></u>	<u><u>\$ 281,669</u></u>	<u><u>\$ 552,043</u></u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ 20,495</u>	<u>\$ 20,495</u>	<u>\$ 40,990</u>
Liabilities			
Current liabilities:			
Accounts payable - trade	\$ 3,522	\$ 28,285	\$ 31,807
Due to other funds	-	-	-
Customer deposits	-	-	-
Compensated absences - current	496	496	992
Total Current Liabilities	<u>\$ 4,018</u>	<u>\$ 28,781</u>	<u>\$ 32,799</u>
Noncurrent liabilities:			
Compensated absences	\$ 921	\$ 922	\$ 1,843
Net pension liability	9,631	9,631	19,262
Total OPEB liability	13,706	13,707	27,413
Total non-current liabilities	<u>\$ 24,258</u>	<u>\$ 24,260</u>	<u>\$ 48,518</u>
Total Liabilities	<u><u>\$ 28,276</u></u>	<u><u>\$ 53,041</u></u>	<u><u>\$ 81,317</u></u>
Deferred Inflows of Resources			
Pension deferrals	<u>\$ 25,463</u>	<u>\$ 25,463</u>	<u>\$ 50,926</u>
Net Position			
Net investment in capital assets	\$ 102,994	\$ 155,980	\$ 258,974
Restricted net position	-	-	-
Unrestricted net position	134,136	67,680	201,816
Total Net Position	<u><u>\$ 237,130</u></u>	<u><u>\$ 223,660</u></u>	<u><u>\$ 460,790</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, 2022

	Major Enterprise Funds		
	Stormwater Fund	Solid Waste Fund	Totals
Operating Revenues			
Charges for services	\$ 150,813	\$ 455,102	\$ 605,915
Other operating revenues		-	-
Total Operating Revenues	<u>\$ 150,813</u>	<u>\$ 455,102</u>	<u>\$ 605,915</u>
Operating Expenses			
Administration	\$ -	\$ -	\$ -
Stormwater operations	-	-	-
Solid waste operations	120,062	392,527	512,589
Depreciation	2,138	7,616	9,754
Total Operating Expenses	<u>\$ 122,200</u>	<u>\$ 400,143</u>	<u>\$ 522,343</u>
Operating income (loss)	<u>\$ 28,613</u>	<u>\$ 54,959</u>	<u>\$ 83,572</u>
Non-operating Revenues (Expenses)			
Investment earnings	\$ -	\$ -	\$ -
Grants	10,035	-	10,035
Total Non-operating Revenues (expenses)	<u>\$ 10,035</u>	<u>\$ -</u>	<u>\$ 10,035</u>
Income (loss) before contributions and transfers	<u>\$ 38,648</u>	<u>\$ 54,959</u>	<u>\$ 93,607</u>
Capital contributions	-	-	-
Transfers from other funds	68,708	1,446	70,154
Transfers to other funds	-	-	-
Change in net position	<u>\$ 107,356</u>	<u>\$ 56,405</u>	<u>\$ 163,761</u>
Net position, beginning	<u>129,774</u>	<u>167,255</u>	<u>297,029</u>
Net position, ending	<u><u>\$ 237,130</u></u>	<u><u>\$ 223,660</u></u>	<u><u>\$ 460,790</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, 2022

	Major Enterprise Funds		
	Stormwater Fund	Solid Waste Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 131,454	\$ 455,102	\$ 586,556
Cash paid for goods and services	(56,186)	(336,809)	(392,995)
Cash paid to or on behalf of employees for services	(67,354)	(55,435)	(122,789)
Other operating revenues	-	-	-
Net cash provided (used) by operating activities	<u>\$ 7,914</u>	<u>\$ 62,858</u>	<u>\$ 70,772</u>
Cash Flows From Noncapital Financing Activities			
Other revenue	\$ 10,035	\$ -	\$ 10,035
Transfers from other funds	68,708	1,446	70,154
Increase (decrease) in due to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>\$ 78,743</u>	<u>\$ 1,446</u>	<u>\$ 80,189</u>
Cash Flows From Capital and Related Financing			
Acquisition of capital assets	\$ (40,892)	\$ -	\$ (40,892)
Capital contributions	-	-	-
Net cash provided (used) by capital and related financing activities	<u>\$ (40,892)</u>	<u>\$ -</u>	<u>\$ (40,892)</u>
Cash Flows From Investing Activities			
Interest and dividends	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 45,765	\$ 64,304	\$ 110,069
Balances - Beginning of year	<u>41,313</u>	<u>61,385</u>	<u>102,698</u>
Balances - End of year	<u><u>\$ 87,078</u></u>	<u><u>\$ 125,689</u></u>	<u><u>\$ 212,767</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 28,613</u>	<u>\$ 54,959</u>	<u>\$ 83,572</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 2,138	\$ 7,616	\$ 9,754
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(19,359)	-	(19,359)
(Increase) decrease in deferred outflows	(8,074)	(8,074)	(16,148)
Increase (decrease) in accounts payable and accrued liabilities	(4,258)	(498)	(4,756)
Increase (decrease) in net pension liability	(11,747)	(11,747)	(23,494)
Increase (decrease) in OPEB liability	(4,796)	(4,795)	(9,591)
Increase (decrease) in deferred inflows	25,397	25,397	50,794
Total adjustments	<u>\$ (20,699)</u>	<u>\$ 7,899</u>	<u>\$ (12,800)</u>
Net cash provided by operating activities	<u><u>\$ 7,914</u></u>	<u><u>\$ 62,858</u></u>	<u><u>\$ 70,772</u></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, 2022

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, 2022

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. This 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 Project Fund. State Capital Infrastructure Fund - This Fund is direct grant fund administered by the Office of State Budget and Management.

The Town reports the following non-major governmental funds:

Capital Project Funds. These 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 seven non-major Capital Project Funds: Park and Recreation Reserve Fund, Waterfront Plan Implementation Fund, Municipal Park Improvement Fund, and Information Technology Project Fund, American Rescue Plan Act, Capital Reserve Fund, and Special Capital Infrastructure Fund-Sidewalk 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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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. 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 Super NOW 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).

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022, 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.

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	\$ 41,880
Public safety	14,910
Reserved for capital projects	7,088,481
Total Restricted Cash	<u>\$ 7,145,271</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, 2021. 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

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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 assets 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 2022 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*

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Resources, represents an acquisition of net assets 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.

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, 2022

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. 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
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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, 2022.

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 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

Town of Swansboro, North Carolina
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For the Year Ended June 30, 2022

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, 2022, the Town's deposits had a carrying amount of \$10,590,682 and a bank balance of \$10,746,162. Of the bank balance, \$356,720 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2022, the Town had \$150 cash on hand.

The carrying amount of deposits for the Swansboro TDA was \$161,908 and the bank balance was \$167,320. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2022, the investments of the Town were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2022	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 321,145	N/A	AAAm
Total		\$ 321,145		

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, 2022.

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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022 are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2022</u>
General Fund - Taxes receivable	\$ 7,281
Enterprise Fund-Stormwater customer A/R	11,912
	<u>\$ 19,193</u>

Leases Receivable:

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, Town of Swansboro entered into a month lease as Lessor for the use of the Old Town Hall and Town Hall Community Room. An initial lease receivable was recorded in the amount of \$33,520.04. As of 06/30/2022, the value of the lease receivable is \$33,128.29. The lessee is required to make monthly fixed payments of \$3,362.83. The lease has an interest rate of 0.1869%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$33,128.29, and Town of Swansboro recognized lease revenue of \$33,520.04 during the fiscal year. The lease terms is month-to-month basis.

On 12/14/2020, Town of Swansboro entered into a 60 month lease as Lessor for the use of 106 Church Street. An initial lease receivable was recorded in the amount of \$86,296.50. As of 06/30/2022, the value of the lease receivable is \$84,910.87. The lessee is required to make monthly fixed payments of \$1,615.70. The lease has an interest rate of 0.0607%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$86,296.50, and Town of Swansboro recognized lease revenue of \$18,437 during the fiscal year.

On 08/01/2018, Town of Swansboro entered into a 60 month lease as Lessor for the use of municipal Public Works Complex. An initial lease receivable was recorded in the amount of \$13,217.62. As of 06/30/2022, the value of the lease receivable is \$13,193.66. The lessee is required to make semi-annual payment of \$6608.81. The lease has an interest rate of 0.3639%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$13,217.62, and Town of Swansboro recognized lease revenue of \$13,217.62 during the fiscal year.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Principal and Interest Expected to Maturity

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2022	\$ 64,666.90	\$ 923.58	\$ 65,590.48
2023	\$ 18,963.74	\$ 424.66	\$ 19,388.40
2024	\$ 19,102.32	\$ 286.08	\$ 19,388.40
2025	\$ 19,241.94	\$ 146.46	\$ 19,388.40
2026	\$ 9,673.64	\$ 20.56	\$ 9,694.20

4. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 999,498	\$ -	\$ 11,910	\$ 987,588
Monuments	67,198	-	-	67,198
Construction in progress	720,328	-	720,328	-
Total Capital Assets Not Being Depreciated	\$ 1,787,024	\$ -	\$ 732,238	\$ 1,054,786
Capital Assets Being Depreciated:				
Buildings	\$ 3,558,854	\$ 47,603	\$ -	\$ 3,606,457
Software	24,606	-	-	24,606
Infrastructure	1,477,385	720,328	-	2,197,713
Equipment	849,657	46,626	-	896,283
Vehicles	2,153,437	-	447,985	1,705,452
Park improvements	953,241	-	-	953,241
Total Capital Assets Being Depreciated	\$ 9,017,180	\$ 814,557	\$ 447,985	\$ 9,383,752
Less Accumulated Depreciation For:				
Buildings	\$ 689,099	\$ 49,070	\$ -	\$ 738,169
Software	24,606	-	-	24,606
Infrastructure	659,189	162,759	-	821,948
Equipment	597,975	27,911	-	625,886
Vehicles	1,473,077	58,724	447,985	1,083,816
Park improvements	306,426	103,873	-	410,299
Total Accumulated Depreciation	\$ 3,750,372	\$ 402,337	\$ 447,985	\$ 3,704,724
Total Capital Assets Being Depreciated, net	\$ 5,266,808			\$ 5,679,028
Governmental Activity Capital Assets, net	\$ 7,053,832			\$ 6,733,814

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

General government	\$ 49,070
Public safety	86,635
Transportation	162,759
Cultural and recreation	103,873
Total	<u>\$ 402,337</u>

	Beginning Balances	Increases	Decreases	Ending Balances
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	92,507	40,892	-	133,399
Total Capital Assets Being Depreciated	<u>\$ 92,507</u>	<u>\$ 40,892</u>	<u>\$ -</u>	<u>\$ 133,399</u>
Less Accumulated Depreciation For:				
Stormwater system	\$ -	\$ -	\$ -	\$ -
Buildings	-	-	-	-
Equipment	28,267	2,138	-	30,405
Total Accumulated Depreciation	<u>\$ 28,267</u>	<u>\$ 2,138</u>	<u>\$ -</u>	<u>\$ 30,405</u>
Total Capital Assets Being Depreciated, net	<u>\$ 64,240</u>			<u>\$ 102,994</u>
Stormwater Fund Capital Assets, net	<u>\$ 64,240</u>			<u>\$ 102,994</u>

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

	Beginning Balances	Increases	Decreases	Ending Balances
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	205,878	-	-	205,878
Total Capital Assets Being Depreciated	<u>\$ 205,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,878</u>
Less Accumulated Depreciation For:				
Buildings	\$ -	\$ -	\$ -	\$ -
Equipment	42,282	7,616	-	49,898
Total Accumulated Depreciation	<u>\$ 42,282</u>	<u>\$ 7,616</u>	<u>\$ -</u>	<u>\$ 49,898</u>
Total Capital Assets Being Depreciated, net	<u>\$ 163,596</u>			<u>\$ 155,980</u>
Solid Waste Capital Assets, net	<u>\$ 163,596</u>			<u>\$ 155,980</u>

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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. 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, 2022, was 11.5% of compensation for law enforcement officers and 11.63% 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 \$257,512 for the year ended June 30, 2022.

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

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

At June 30, 2022, the Town reported a liability of \$385,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the Town's proportion was 0.02512%, which was an increase of 0.00119% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$182,565. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,558	\$ -
Changes of assumptions	242,029	-
Net difference between projected and actual earnings on pension plan investments	-	550,391
Changes in proportion and differences between Town contributions and proportionate share of contributions	29,322	1,777
Town contributions subsequent to the measurement date	257,512	-
Total	<u><u>\$ 651,421</u></u>	<u><u>\$ 552,168</u></u>

\$257,512 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Year ended June 30:

2023	\$ 48,182
2024	354
2025	(38,373)
2026	(168,423)
2027	-
Thereafter	-
	<u>\$ (158,260)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 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.

Town of Swansboro, North Carolina
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For the Year Ended June 30, 2022

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.

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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the			
net pension liability (asset)	\$ 1,495,467	\$ 385,239	\$ (528,414)

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2020, 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	12
	<u>13</u>

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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Town of Swansboro, North Carolina
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Inflation	2.25 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 \$6,974 as benefits came due for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$86,581. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$16,829.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,156	\$ 27,891
Changes of assumptions	19,214	3,666
Town benefit payments and plan administrative expense made subsequent to the measurement date	7,762	-
Total	<u>\$ 31,132</u>	<u>\$ 31,557</u>

\$7,712 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

<u>Year ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Amount Recognized as Pension Expense</u>
2023	\$ 7,295	\$ 8,172	\$ (877)
2024	7,207	6,475	732
2025	5,030	6,381	(1,351)
2026	3,838	6,381	(2,543)
2027	-	4,148	(4,148)
Thereafter	\$ -	\$ -	\$ -
	<u>\$ 23,370</u>	<u>\$ 31,557</u>	<u>\$ (8,187)</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 2.25 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 (1.25 percent) or one percentage point higher (3.25 percent) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Town's proportionate share of the total pension liability	\$ 99,201	\$ 86,581	\$ 75,661

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

	<u>2021</u>
Beginning balance	\$ 108,015
Service cost	19,576
Interest	2,017
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(32,207)
Changes of assumptions or other inputs	(3,846)
Benefit payments	(6,974)
Other changes	-
Ending balance of the total pension liability	<u>\$ 86,581</u>

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

The actuarial assumptions used in the December 31, 2020 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 182,565	\$ 16,829	\$ 199,394
Pension Liability	385,239	86,581	471,820
Proportionate share of the net pension liability	0.02512%	n/a	0.02393%
Deferred of Outflows of Resources			
Differences between expected and actual experience	122,558	4,156	126,714
Changes of assumptions	242,029	19,214	261,243
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,322	-	29,322
Benefit payments and administrative costs paid subsequent to the measurement date	257,512	7,762	265,274
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	27,891	27,891
Changes of assumptions	-	3,666	3,666
Net difference between projected and actual earnings on pension plan investments	550,391	-	550,391
Changes in proportion and differences between contributions and proportionate share of contributions	1,777	-	1,777

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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, 2022 were \$37,567 which consisted of \$31,692 from the Town and \$5,875 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, 2022 were \$46,020 which consisted of \$20,092 from the Town and \$25,928 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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

The Town's plan is not administered through a trust or equivalent arrangement. Accordingly, there are no assets accumulated in any trust.

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, 2022, the Plan's membership consisted of:

Retirees and dependents receiving benefits	1
Active plan members	17
	18

Total OPEB Liability

The District's Total OPEB Liability (TOL) of \$548,263 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 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, 2020, using the following key actuarial assumptions and other inputs:

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary Increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law Enforcement	3.25% - 7.90%
Municipal Bond Index Rate:	
Prior measurement date	2.21%
Measurement date	2.16%
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Medicare	5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024

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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 415,198	\$ 548,263	\$ 739,178

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 2.16%, 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 (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 708,147	\$ 548,263	\$ 431,279

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, 2021	\$ 740,094
Changes for the year:	
Service Cost at the end of the year*	72,798
Interest on TOL and Cash Flows	17,902
Change in benefit terms	-
Difference between expected and actual experience	(275,274)
Changes of assumptions or other inputs	(1,488)
Benefit payments and implicit subsidy credit	(5,769)
Other	-
Net Changes	(191,831)
Total OPEB Liability as of June 30, 2022	\$ 548,263

* The service cost includes interest for the year.

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

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022:

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 476	\$ 375,309
Changes of assumptions or other inputs	208,906	141,998
Total	<u>\$ 209,382</u>	<u>\$ 517,307</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>	
2023	\$ (46,025)
2024	(46,025)
2025	(46,025)
2026	(46,025)
2027	(46,025)
Thereafter	(67,864)

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

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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	\$ 257,512
Benefit payments made and administrative expenses for LEOSSA subsequent to measurement date	7,762
Differences between expected and actual experience	127,190
Changes of assumptions	470,149
Net difference between projected and actual earnings on plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,322
	<u>\$ 891,935</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)	\$ -	\$ 25,045
Changes in assumptions	145,664	
Leases	131,649	
Differences between expected and actual experience	403,200	-
Net difference between projected and actual earnings on pension plan investments	550,391	
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,777	-
Total	<u>\$ 1,232,681</u>	<u>\$ 25,045</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

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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, 2022. 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, 2022, 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.

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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 2022, 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, 2022, including \$81,372 of interest, are as follows:

Year Ended June 30	Principal	Interest	Interest
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	151,887	5,956	157,843
2028-2032	82,505	2,219	84,724
Total	<u>\$ 1,160,449</u>	<u>\$ 81,372</u>	<u>\$ 1,241,821</u>

At June 30, 2022, the Town of Swansboro, North Carolina had a legal debt margin of \$42,475,414.

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
Notes from direct placements	\$ 1,454,727	\$ -	\$ 294,278	\$ 1,160,449	\$ 247,374
Total pension liability (LEO)	108,015	-	21,434	86,581	-
Net pension liability (LGERS)	812,365	-	446,388	365,977	-
Total OPEB liability	703,090	-	182,240	520,850	-
Compensated absences	134,902	89,022	107,176	116,748	40,862
Total	<u>\$ 3,213,099</u>	<u>\$ 89,022</u>	<u>\$ 1,051,516</u>	<u>\$ 2,250,605</u>	<u>\$ 288,236</u>

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

	Beginning			Ending	Current
Business-type Activities:	Balance	Increases	Decreases	Balance	Portion of
Net pension liability (LGERS)	\$ 42,756	\$ -	\$ 23,494	\$ 19,262	\$ -
Total OPEB liability	37,004	-	9,591	27,413	-
Compensated absences	6,026	2,486	5,677	2,835	992
Total	\$ 85,786	\$ 2,486	\$ 38,762	\$ 49,510	\$ 992

Notes from direct placements are collateralized by capital assets with a carrying value of \$1,407,111.

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, 2022

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, 2022, consist of the following:

From the Capital Reserve to the General Fund to fund future capital purchases	\$ 47,450
From the General Fund to the Stormwater Fund to assist with operations of new fund	68,708
From the General Fund to the Solid Waste Fund to assist with the purchase of new equipment	1,446
	<u>\$ 117,604</u>

Town of Swansboro, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

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	\$ 6,733,814	\$ 258,974
Less: long-term debt	1,160,449	-
Net Investment in Capital Assets	<u>\$ 5,573,365</u>	<u>\$ 258,974</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	\$ 3,470,977
Less:	
Stabilization by State Statute	450,654
Streets-Powell Bill	41,880
Leases	1,801
Remaining Fund Balance	<u>\$ 2,976,642</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, 2022 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, 2022

VI. Subsequent Events

As of November 15, 2022, 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 Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Swansboro's proportion of the net pension liability (asset) (%)	0.02512%	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) (\$)	\$ 385,239	\$ 855,121	\$ 593,156	\$ 516,933	\$ 326,627	\$ 419,798	\$ 112,737	\$ (135,936)	\$ 247,104
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	\$ 1,206,100
Town of Swansboro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.14%	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	95.51%	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 10th year of implementation occurs.

**Town of Swansboro, North Carolina
Town of Swansboro's Contributions
Required Supplementary Information
Last Nine Fiscal Years**

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 217,512	\$ 173,652	\$ 149,972	\$ 112,470	\$ 105,976	\$ 97,659	\$ 78,302	\$ 86,146	\$ 86,148
Contributions in relation to the contractually required contributions	217,512	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	\$ 1,868,987	\$ 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	11.64%	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 10th year of implementation occurs.

Town of Swansboro, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 108,015	\$ 75,611	\$ 63,708	\$ 70,646	\$ 95,469	\$ 97,664
Service cost	19,576	13,322	10,609	8,953	6,719	8,244
Interest	2,017	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	(32,207)	945	8,795	(3,986)	(27,478)	-
Changes of assumptions or other inputs	(3,846)	27,823	2,354	(1,993)	4,438	(1,756)
Benefit payments	(6,974)	(11,956)	(11,956)	(11,956)	(11,956)	(11,956)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 86,581</u>	<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 10th 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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 86,581	\$ 108,015	\$ 75,611	\$ 63,708	\$ 70,646	\$ 95,469
Covered payroll	598,345	587,045	474,898	437,602	401,145	429,917
Total pension liability as a percentage of covered payroll	14.47%	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 10th year of implementation occurs.

Town of Swansboro, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2022

Total OPEB Liability	2022	2021	2020	2019	2018
Service Cost	\$ 72,798	\$ 44,160	\$ 66,334	\$ 71,196	\$ 82,197
Interest	17,902	18,037	26,975	23,521	19,727
Change in benefit terms	-	-	(113,072)	-	-
Difference between expected and actual experience	(275,274)	592	(183,249)	(3,447)	(2,439)
Changes of assumptions or other inputs	(1,488)	208,822	(14,186)	(53,792)	(89,242)
Benefit payments and implicit subsidy credit	(5,769)	(5,360)	(4,779)	(4,703)	(5,124)
Net Change in Total OPEB Liability	(191,831)	266,251	(221,977)	32,775	5,119
Total OPEB Liability - beginning	740,094	473,843	695,820	663,045	657,926
Total OPEB Liability - ending	<u>\$ 548,263</u>	<u>\$ 740,094</u>	<u>\$ 473,843</u>	<u>\$ 695,820</u>	<u>\$ 663,045</u>
Covered Payroll	\$ 876,805	\$ 1,106,396	\$ 1,106,396	\$ 1,231,757	\$ 1,231,757
Total OPEB Liability as a Percentage of Covered Payroll	62.53%	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 rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

The Town's OPEB Plan is not administered through a trust or equivalent arrangement. Accordingly, there are not assets accumulated in any trust.

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Individual Fund Statements and Schedules

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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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Revenues				
Ad Valorem Taxes:				
Current year		\$ 1,870,187		\$ 1,817,713
Prior year		19,478		13,588
Penalties and interest		5,688		6,754
Total	\$ 1,869,122	\$ 1,895,353	\$ 26,231	\$ 1,838,055
Other Taxes and Licenses:				
Occupancy tax		\$ 102,690		\$ 78,930
Animal taxes		-		-
Total	\$ 99,482	\$ 102,690	\$ 3,208	\$ 78,930
Unrestricted Intergovernmental:				
Utility franchise tax		\$ 235,150		\$ 230,090
Local option sales tax		1,298,345		1,147,380
Beer and wine tax		15,695		13,898
Court costs		-		3,762
ABC profit distribution		58,103		62,126
Tax refunds		10,426		10,216
Administrative fees		-		6,470
Total	\$ 1,353,600	\$ 1,617,719	\$ 264,119	\$ 1,473,942
Restricted Intergovernmental:				
Powell Bill allocation		\$ 108,171		\$ 80,205
Various grants		174,544		331,097
County - fire department		174,087		170,995
Solid waste disposal tax		2,756		2,320
Total	\$ 446,031	\$ 459,558	\$ 13,527	\$ 584,617
Permits and Fees:				
Building permits and inspection fees		\$ 160,646		\$ 291,172
Planning and zoning fees		62,959		4,823
Recreation contract fees		38,594		52,823
Festivals and events		76,845		7,330
Lease income		66,853		
Rental fees - building		31,985		57,994
Total	\$ 386,215	\$ 437,882	\$ 51,667	\$ 414,142
Sales and Services:				
Homeowners recovery fund	500	820	320	1,470
Investment Earnings	1,000	1,650	650	1,080

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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Miscellaneous:				
Miscellaneous income		\$ 4,319		\$ 52,016
Sale of fixed assets		14,277		9,126
ONWASA reimbursements		32,083		35,000
Total	<u>\$ 35,000</u>	<u>\$ 50,679</u>	<u>\$ 15,679</u>	<u>\$ 96,142</u>
Contributions:				
Donations - Memorial Trees		\$ -		\$ -
Donations - Park		-		-
Donations - Police		1,000		1,505
Donations - Fire Department		50		225
Total	<u>\$ 1,800</u>	<u>\$ 1,050</u>	<u>\$ (750)</u>	<u>\$ 1,730</u>
Total Revenues	<u>\$ 4,192,750</u>	<u>\$ 4,567,401</u>	<u>\$ 374,651</u>	<u>\$ 4,490,108</u>
Expenditures				
Governing Body:				
Salaries - elected officials		\$ 9,117		\$ 8,968
FICA		697		686
Insurance		-		-
Miscellaneous		1,458		1,402
Supplies		1,676		195
Election expense		7,201		-
Travel		3,910		52
Contributions		4,250		2,100
Total	<u>\$ 29,297</u>	<u>\$ 28,309</u>	<u>\$ 988</u>	<u>\$ 13,403</u>
Administration:				
Salaries and wages		\$ 239,758		\$ 273,664
FICA		17,903		20,599
Group insurance		29,384		37,953
Retirement		33,733		30,875
Employee allowances		5,097		5,850
Department supplies		895		832
Dues & subscriptions		6,460		8,354
Miscellaneous		1,274		3,228
Professional services		35,099		31,732
Travel		5,147		1,890
Capital outlay		-		-
Capital outlay (non-capitalized)		1,394		5,399
Total	<u>\$ 416,927</u>	<u>\$ 376,144</u>	<u>\$ 40,783</u>	<u>\$ 420,376</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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Public Buildings:				
Salaries and wages		\$ 44,167		\$ 44,343
FICA		3,397		3,450
Group insurance		7,671		123
Retirement		4,903		4,299
Employee allowances		325		775
Maintenance and renovations		4,755		48,352
Vehicle maintenance		3,371		3,571
Professional services		36,709		2,750
Supplies		7,732		1,864
Utilities		57,021		50,614
Miscellaneous		1,421		2,473
Capital outlay		74,066		11,232
Capital outlay (non-capitalized)		835		3,052
Total	\$ 283,681	\$ 246,373	\$ 37,308	\$ 176,898
Legal:				
Professional services	\$ 62,000	\$ 55,634	\$ 6,366	\$ 32,665
Finance:				
Salaries and wages		\$ 145,337		\$ 136,830
FICA		10,395		9,726
Group Insurance		17,092		12,223
Retirement		19,914		15,073
Employee allowances		600		600
Miscellaneous		1,087		175
Office supplies		2,372		2,691
Department supplies		1,318		1,368
Dues & subscriptions		265		320
Fees		1,525		3,305
Professional service		25,716		28,001
Tax collection		22,515		22,123
Travel		31		5,020
Capital outlay		-		-
Capital outlay (non-capitalized)		1,600		-
Total	\$ 258,081	\$ 249,767	\$ 8,314	\$ 237,455
Total General Government	\$ 1,049,986	\$ 956,227	\$ 93,759	\$ 880,797

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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Police and Fire:				
Salaries and wages		\$ 1,107,677		\$ 973,625
FICA		83,361		75,129
Fees		76		98
Group insurance		151,928		128,931
Retirement		156,582		130,738
Employee allowances		550		3,175
Automotive supplies		13,661		7,348
Department supplies		8,858		6,710
Dues & subscriptions		1,947		2,414
Fire prevention		662		1,690
Maintenance - building		-		-
Maintenance - equipment		8,529		7,438
Maintenance - vehicle		82,250		53,403
Miscellaneous		2,308		2,000
Professional services		10,887		10,293
Telephone		7,284		6,702
Travel		751		204
Uniforms		3,066		4,189
Utilities		90		-
Volunteer retention		5,509		10,234
Capital outlay		-		81,838
Capital outlay (non-capitalized)		20,163		73,904
Total	\$ 1,781,424	\$ 1,666,139	\$ 115,285	\$ 1,580,063
Planning:				
Salaries and wages		\$ 168,216		\$ 148,560
FICA		12,597		10,650
Group insurance		27,034		27,044
Retirement		22,198		16,913
Employee allowances		1,050		1,881
Maintenance - equipment		116		-
Department supplies		875		82
Professional services		250		90
Miscellaneous		1,655		2,081
Travel		2,024		1,162
Dues and subscriptions		60		-
Capital outlay (non-capitalized)		-		-
Total	\$ 266,346	\$ 236,075	\$ 30,271	\$ 208,463

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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Emergency Management:				
Salaries and wages		\$ 32,125		\$ 1,119
Maintenance - equipment		-		-
Maintenance-buildings		29,405		31,453
Department supplies		510		5,498
Professional services		-		9,963
Miscellaneous		654		-
Capital outlay (non-capitalized)		7,765		98,087
Total	<u>\$ 115,345</u>	<u>\$ 70,459</u>	<u>\$ 44,886</u>	<u>\$ 146,120</u>
Total Public Safety	<u>\$ 2,163,115</u>	<u>\$ 1,972,673</u>	<u>\$ 190,442</u>	<u>\$ 1,934,646</u>
Transportation:				
Streets and Highways:				
Salaries and wages		\$ 57,325		\$ 57,711
FICA		4,411		4,432
Group insurance		10,047		
Retirement		7,133		6,043
Employee allowances		463		11,751
Automotive supplies		3,478		2,981
Department supplies		1,010		1,055
Fees		416		-
Maintenance - building		-		-
Maintenance - equipment		1,923		1,125
Maintenance - traffic signs		8,788		8,178
Maintenance - storm drains		-		-
Maintenance - streets		1,838		-
Maintenance - vehicles		-		3,310
Sidewalk repairs		648		116,634
Street lights		45,982		46,866
Miscellaneous		41		722
Professional services		-		72
Travel		-		-
Telephone		248		-
Uniforms		629		307
Utilities		-		-
Capital outlay		20,446		23,432
Capital outlay (non-capitalized)		13,220		-
Total	<u>\$ 286,227</u>	<u>\$ 178,046</u>	<u>\$ 108,181</u>	<u>\$ 284,619</u>
State Street - Aid:				
Maintenance - streets	<u>\$ 102,269</u>	<u>\$ 89,475</u>	<u>\$ 12,794</u>	<u>\$ 78,554</u>
Total Transportation	<u>\$ 388,496</u>	<u>\$ 267,521</u>	<u>\$ 120,975</u>	<u>\$ 363,173</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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Economic Development:				
Tourism Development Authority		\$ 101,269		\$ 80,430
Festivals		91,985		5,297
Old Town Hall		-		
Church Street Dock		6,496		7,209
Total Economic Development	<u>\$ 232,636</u>	<u>\$ 199,750</u>	<u>\$ 32,886</u>	<u>\$ 92,936</u>
Cultural and Recreation:				
Parks and Recreation:				
Salaries and wages		\$ 177,576		\$ 153,889
FICA		13,580		11,813
Group insurance		8,666		8,699
Retirement		16,485		13,438
Employee allowances		1,200		2,650
Automotive supplies		1,518		670
Department supplies		5,223		3,873
Insurance		-		-
Miscellaneous		12,306		11,410
Maintenance - building		7,595		7,739
Maintenance - vehicles		1,844		112
Maintenance - equipment		8,344		9,455
Professional services		41,280		56,931
Travel		1,914		823
Utilities		1,430		-
Capital outlay		-		-
Capital outlay (non-capitalized)		16,669		5,070
Total Cultural and Recreation	<u>\$ 342,489</u>	<u>\$ 315,630</u>	<u>\$ 26,859</u>	<u>\$ 286,572</u>
Non-departmental:				
Miscellaneous		\$ 147,306		\$ 12,045
Supplies		-		96
Insurance		139,310		133,374
Fees		740		844
Telephone		2,805		2,659
Maintenance - equipment		1,243		65,983
Utilities		6,180		6,531
Total Non-departmental	<u>\$ 304,925</u>	<u>\$ 297,584</u>	<u>\$ 7,341</u>	<u>\$ 221,532</u>
Debt Service:				
Principal retirement		\$ 294,278	\$ -	\$ 268,549
Interest and other charges		2,657	-	9,706
Total Debt Service	<u>\$ 311,571</u>	<u>\$ 296,935</u>	<u>\$ 14,636</u>	<u>\$ 278,255</u>
Total Expenditures	<u>\$ 4,793,218</u>	<u>\$ 4,306,320</u>	<u>\$ 486,898</u>	<u>\$ 4,057,911</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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Final Budget	Actual 2022	Variance Positive (Negative)	Actual 2021
Revenues Over Expenditures	\$ (600,468)	\$ 261,081	\$ 861,549	\$ 432,197
Other Financing Sources (Uses)				
Loan issuance	\$ -		\$ -	\$ 110,700
Sale of capital assets	-		-	-
Transfers in:			-	
Capital Reserve and Capital Projects	47,450	47,450	-	123,634
Transfers out:			-	
Waterfront Plan Implementation			-	-
Capital Reserve	-		-	(372,425)
Stormwater Fund	(68,708)	(68,708)	-	-
Other	-		-	(27,511)
Solid Waste Enterprise Fund	(12,554)	(1,446)	11,108	-
Total Other Financing Sources (Uses)	\$ (33,812)	\$ (22,704)	\$ 11,108	\$ (165,602)
 Fund balance appropriated	 \$ 634,280	 \$ -	 \$ (634,280)	 \$ -
Net Change in Fund Balance	\$ -	\$ 238,377	\$ 238,377	\$ 266,595
Fund Balance, beginning		3,232,600		2,966,005
Fund Balance, ending		<u>\$ 3,470,977</u>		<u>\$ 3,232,600</u>

Town of Swansboro, North Carolina
Capital Project Funds - State Capital Infrastructure Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
State grant	\$ 6,000,000	\$ -	\$ -	\$ -	\$ (6,000,000)
Investment earnings	-	-	950	950	950
Total Revenues	\$ 6,000,000	\$ -	\$ 950	\$ 950	\$ (5,999,050)
Expenditures:					
Capital outlay	6,000,000	-	-	-	6,000,000
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 950	\$ 950	\$ 950
Other Financing Sources:					
Transfer in	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ 950</u>	<u>\$ 950</u>
Fund Balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 950</u>		

Nonmajor Governmental Funds

The following funds are Capital Project Funds of the Town of Swansboro that are combined as Nonmajor Governmental Funds.

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Town of Swansboro, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Park & Recreation Reserve	Municipal Park Improvements	Waterfront Plan Implementation	Information Technology	American Rescue Plan Act	Capital Reserve Fund	State Capital Infrastructure Fund-Sidewalk	Total Combining
Assets								
Cash and cash equivalents	\$ 137,740	\$ 13,879	\$ 2,902	\$ 5,478	\$ 400,775	\$ 427,707	\$ 100,000	\$ 1,088,481
Grants receivable	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 137,740</u>	<u>\$ 13,879</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ 400,775</u>	<u>\$ 427,707</u>	<u>\$ 100,000</u>	<u>\$ 1,088,481</u>
Liabilities and Fund Balances								
Current Liabilities:								
Liabilities payable from restricted assets	\$ -	\$ -	\$ -	\$ -	\$ 400,775	\$ -	\$ 100,000	\$ 500,775
Accounts payable	-	1,137	-	-	-	-	-	1,137
Total Liabilities	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,775</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 501,912</u>
Fund Balances:								
Restricted:								
Capital improvements	\$ 137,740	\$ 12,742	\$ 2,902	\$ 5,478	\$ -	\$ 427,707	\$ -	\$ 586,569
Total Fund Balances	<u>\$ 137,740</u>	<u>\$ 12,742</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ 427,707</u>	<u>\$ -</u>	<u>\$ 586,569</u>
Total Liabilities and Fund Balances	<u>\$ 137,740</u>	<u>\$ 13,879</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ 400,775</u>	<u>\$ 427,707</u>	<u>\$ 100,000</u>	<u>\$ 1,088,481</u>

Town of Swansboro, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

	<u>Park & Recreation Reserve</u>	<u>Municipal Park Improvements</u>	<u>Waterfront Plan Implementation</u>	<u>Information Technology</u>	<u>American Rescue Plan Act</u>	<u>Capital Reserve Fund</u>	<u>State Capital Infrastructure Fund-Sidewalk</u>	<u>Total Combining</u>
Revenues								
Total Revenues	\$ 15,720	\$ -	\$ -	\$ -	\$ 132,087	\$ -	\$ -	\$ 147,807
Expenditures								
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ 132,087	\$ -	\$ -	\$ 132,087
Revenues Over Expenditures	<u>\$ 15,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,720</u>
Other Financing Sources (Uses)								
Transfers in:								
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserve Fund	-	-	-	-	-	-	-	-
Transfers out:								
General Fund	-	-	-	-	-	(47,450)	-	(47,450)
Other funds	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,450)</u>	<u>\$ -</u>	<u>\$ (47,450)</u>
Net Change in Fund Balance	\$ 15,720	\$ -	\$ -	\$ -	\$ -	\$ (47,450)	\$ -	\$ (31,730)
Fund Balance, beginning	122,020	12,742	2,902	5,478	-	475,157	-	618,299
Fund Balance, ending	<u>\$ 137,740</u>	<u>\$ 12,742</u>	<u>\$ 2,902</u>	<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ 427,707</u>	<u>\$ -</u>	<u>\$ 586,569</u>

Town of Swansboro, North Carolina
Capital Project Funds
Parks & Recreation Reserve Fund
From Inception and For the Fiscal Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental					
Parks & recreation development fee	\$ 103,180	\$ 225,200	\$ 15,720	\$ 240,920	\$ 137,740
Other Financing Sources (Uses)					
Transfers out:					
Waterfront Plan Implementation Project	\$ 46,600	\$ -	\$ -	\$ -	\$ 46,600
Municipal Park Improvements	49,080	-	-	-	49,080
General Fund	7,500	-	-	-	7,500
Total Other Financing Sources (Uses)	<u>\$ 103,180</u>	<u>\$ 103,180</u>	<u>\$ -</u>	<u>\$ 103,180</u>	<u>\$ 103,180</u>
Revenues Over (Under) Expenditures	<u>\$ 103,180</u>	<u>\$ 225,200</u>	\$ 15,720	<u>\$ 240,920</u>	<u>\$ 137,740</u>
Fund Balance:					
Beginning of year, July 1			<u>122,020</u>		
End of year, June 30			<u>\$ 137,740</u>		

Town of Swansboro, North Carolina
Capital Project Funds
Municipal Park Improvement Project Fund
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
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> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 796,324	\$ 772,829	\$ -	\$ 772,829	\$ (23,495)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:					
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	282,901	-	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> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 1,325,104	\$ 1,288,867	\$ -	\$ 1,288,867	\$ 36,237
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):					
Transfers-in:					
General Fund	\$ 160,000	\$ 160,000	\$ -	\$ 160,000	\$ -
Parks & Recreation Reserve Fund	368,780	368,780	-	368,780	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources	\$ 528,780	\$ 528,780	\$ -	\$ 528,780	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues Over (Under) Expenditures	<u> </u> -	<u> </u> 12,742	<u> </u> -	<u> </u> 12,742	<u> </u> 12,742
Fund Balance:					
Beginning of year, July 1			<u>12,742</u>		
End of year, June 30			<u>\$ 12,742</u>		

Town of Swansboro, North Carolina
Capital Project Funds
Waterfront Plan Implementation Project Fund
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted Intergovernmental					
Local grants	\$ 29,182	\$ 32,182	\$ -	\$ 32,182	\$ 3,000
State grants	338,035	255,059	-	255,059	(82,976)
Total Revenues	<u>\$ 367,217</u>	<u>\$ 287,241</u>	<u>\$ -</u>	<u>\$ 287,241</u>	<u>\$ (79,976)</u>
Expenditures:					
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	363,199	-	363,199	76,095
Total Expenditures	<u>\$ 523,817</u>	<u>\$ 440,939</u>	<u>\$ -</u>	<u>\$ 440,939</u>	<u>\$ 82,878</u>
Revenues Over (Under) Expenditures	<u>\$ (156,600)</u>	<u>\$ (153,698)</u>	<u>\$ -</u>	<u>\$ (153,698)</u>	<u>\$ 2,902</u>
Other Financing Sources (Uses):					
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)	-
Total Other Financing Sources	<u>\$ 156,600</u>	<u>\$ 156,600</u>	<u>\$ -</u>	<u>\$ 156,600</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 2,902</u>	<u>\$ -</u>	<u>\$ 2,902</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			2,902		
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, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental Time Warner contribution	\$ 55,300	\$ 55,300	\$ -	\$ 55,300	\$ -
Total Revenues	\$ 55,300	\$ 55,300	\$ -	\$ 55,300	\$ -
Expenditures:					
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
Other Financing Sources (Uses):					
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
Fund Balance:					
Beginning of year, July 1			5,478		
End of year, June 30			\$ 5,478		

Town of Swansboro, North Carolina
Special Revenue Funds - American Rescue Plan Act
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
ARPA Funds	\$ 1,065,724	\$ -	\$ 132,087	\$ 132,087	\$ (933,637)
Total Revenues	\$ 1,065,724	\$ -	\$ 132,087	\$ 132,087	\$ (933,637)
Expenditures:					
ARPA expenditures	-	-	132,087	132,087	(132,087)
Revenues Over (Under) Expenditures	\$ 1,065,724	\$ -	\$ -	\$ -	\$ (1,065,724)
Other Financing Sources (Uses):					
Transfer out to General Fund	-	-	-	(132,087)	(132,087)
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ 1,065,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (132,087)</u>	<u>\$ (1,197,811)</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

Town of Swansboro, North Carolina
Capital Project Funds - Capital Reserve Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Favorable
		Years	Year	Date	(Unfavorable)
Revenues:					
Reserve for capital	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses)					
Transfers out:					
Waterfront Project	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	(47,450)	-	(47,450)	(47,450)	-
Transfers in:					-
General Fund	461,509	475,157	-	475,157	13,648
Fund balance appropriated	(414,059)	-	-	-	414,059
Total Other Financing Sources (Uses)	\$ -	\$ 475,157	\$ (47,450)	\$ 427,707	\$ 427,707
Revenues Over (Under) Expenditures	\$ -	\$ 475,157	\$ (47,450)	\$ 427,707	\$ 427,707
Fund Balance:					
Beginning of year, July 1			475,157		
End of year, June 30			\$ 427,707		

Town of Swansboro, North Carolina
Capital Project - State Capital Infrastructure Fund-Sidewalk
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
State grant	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
Total Revenues	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
Expenditures:					
Capital outlay - Sidewalk	100,000	-	-	-	100,000
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources (Uses):					
Transfer out to General Fund	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

Town of Swansboro, North Carolina
Stormwater Fund
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for services	\$ 155,011	\$ 150,813	\$ (4,198)
Other operating revenues	5,418	-	(5,418)
Total Operating Revenues	<u>\$ 160,429</u>	<u>\$ 150,813</u>	<u>\$ (9,616)</u>
Expenditures			
Stormwater:			
Salaries and employee benefits		\$ 58,099	
Supplies		3,754	
Maintenance		18,625	
Tipping fees		650	
Other operating expenditures		29,679	
Total	<u>\$ 185,583</u>	<u>\$ 110,807</u>	<u>\$ 74,776</u>
Capital outlay	43,554	40,892	2,662
Total Expenditures	<u>\$ 229,137</u>	<u>\$ 151,699</u>	<u>\$ 77,438</u>
Revenues Over (Under) Expenditures	<u>\$ (68,708)</u>	<u>\$ (886)</u>	<u>\$ 67,822</u>
Other Financing Sources (Uses)			
Transfers from (to) other funds	\$ 68,708	\$ 68,708	\$ -
Fund balance appropriated		-	-
Total Other Financing Sources	<u>\$ 68,708</u>	<u>\$ 68,708</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 67,822</u>	<u>\$ 67,822</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and Other Sources Over			
Expenditures and Other Uses		<u>\$ 67,822</u>	
Reconciling items:			
Capital outlay		40,892	
(Increase) decrease in deferred outflows of resources		(8,074)	
Increase (decrease) in net pension liability		(11,747)	
Increase (decrease) in deferred inflows		25,397	
Depreciation		(2,138)	
Increase (decrease) in OPEB liability		(4,796)	
Total reconciling items		<u>\$ 39,534</u>	
Change in Net Position		<u>\$ 107,356</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services		\$ 455,102	
Other operating revenues		-	
Total operating revenues	\$ 448,321	\$ 455,102	\$ 6,781
Non-operating revenues:			
Interest earnings	-	-	-
Total Revenues	\$ 448,321	\$ 455,102	\$ 6,781
Expenditures			
Sewer			
Salaries and employee benefits		\$ 56,215	
Supplies		3,968	
Tipping fees		85,777	
Other operating expenditures		247,347	
Total	\$ 449,767	\$ 393,307	\$ 56,460
Capital Outlay	\$ -	\$ -	\$ -
Total Expenditures	\$ 449,767	\$ 393,307	\$ 56,460
Revenues Over (Under) Expenditures	\$ (1,446)	\$ 61,795	\$ 63,241
Other Financing Sources (Uses)			
Transfers from (to) other funds	\$ 1,446	\$ 1,446	\$ -
Fund balance increase	-	-	-
Total Other Financing Sources (Uses)	\$ 1,446	\$ 1,446	\$ -
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 63,241	\$ 63,241
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		\$ 63,241	
Reconciling items:			
Depreciation		(7,616)	
Capital outlay		-	
(Increase) decrease in deferred outflows or resources		(8,074)	
Increase (decrease) in net pension liability		(11,747)	
Increase (decrease) in deferred inflows of resources		25,397	
Increase (decrease) in OPEB liability		(4,796)	
Total Reconciling Items		\$ (6,836)	
Change in Net Position		\$ 56,405	

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, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 1,909,069	\$ 1,898,041	\$ 11,028
2020-2021	12,171	-	7,852	4,319
2019-2020	2,838	-	1,410	1,428
2018-2019	1,799	-	248	1,551
2017-2018	1,817	-	456	1,361
2016-2017	1,409	-	224	1,185
2015-2016	1,534	-	178	1,356
2014-2015	1,565	-	98	1,467
2013-2014	3,393	-	2	3,391
2012-2013	5,243	-	3	5,240
2011-2012	1,906	-	1,906	-
2010-2011	0	-	-	-
	<u>\$ 33,675</u>	<u>-</u>	<u>1,910,418</u>	<u>\$ 32,326</u>
Less: allowance for uncollectible accounts				<u>7,281</u>
Ad valorem taxes receivable - net				<u>\$ 25,045</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 1,895,353</u>
Reconciling items:				
Releases and adjustments				18,847
Taxes written off				1,906
Interest collected				<u>(5,688)</u>
Total reconciling items				<u>\$ 15,065</u>
Total collections and credits				<u>\$ 1,910,418</u>

Town of Swansboro, North Carolina
Analysis of Current Tax Levy
Town-wide Levy
For the Fiscal Year Ended June 30, 2022

	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	\$ 497,092,571	0.35	\$ 1,739,824	\$ 1,739,824	\$ -
Registered motor vehicles taxed at current rate	48,355,714	0.35	169,245	-	169,245
Total property valuation	<u>\$ 545,448,286</u>				
Net levy			\$ 1,909,069	\$ 1,739,824	\$ 169,245
Unpaid (by taxpayer) at June 30, 2022			<u>(11,028)</u>	<u>(11,028)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,898,041</u>	<u>\$ 1,728,796</u>	<u>\$ 169,245</u>
Current levy collection percentage			<u>99.42%</u>	<u>99.37%</u>	<u>100.00%</u>

STATISTICAL SECTION

This part of the Town of Swansboro's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Table 1

Town of Swansboro, North Carolina
NET POSITION BY COMPONENT
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net Investment in Capital Assets	\$ 3,950,322	\$ 4,564,695	\$ 4,403,863	\$ 5,230,787	\$ 4,989,953	\$ 5,448,901	\$ 5,542,096	\$ 5,569,892	\$ 5,599,105	\$ 5,573,365
Restricted	918,588	526,654	828,083	378,073	755,410	576,215	724,427	691,177	1,169,631	1,079,103
Unrestricted	1,471,919	1,261,297	1,011,258	954,390	1,423,578	975,487	1,242,727	1,532,760	1,404,464	1,726,460
Total governmental activities net position	<u>\$ 6,340,829</u>	<u>\$ 6,352,646</u>	<u>\$ 6,243,204</u>	<u>\$ 6,563,250</u>	<u>\$ 7,168,941</u>	<u>\$ 7,000,603</u>	<u>\$ 7,509,250</u>	<u>\$ 7,793,829</u>	<u>\$ 8,173,200</u>	<u>\$ 8,378,928</u>
Business-type activities										
Net Investment in Capital Assets	\$ 0	\$ 0	\$ 0	\$ 0	73188	86884	100147	\$ 239,822	\$ 227,836	\$ 258,974
Unrestricted	-	-	-	-	-61202	-45444	12224	14,053	69,193	201,816
Total business-type activities net position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,986</u>	<u>\$ 41,440</u>	<u>\$ 112,371</u>	<u>\$ 253,875</u>	<u>\$ 297,029</u>	<u>\$ 460,790</u>
Primary government										
Net Investment in Capital Assets	\$ 3,950,322	\$ 4,564,695	\$ 4,403,863	\$ 5,230,787	\$ 5,063,141	\$ 5,535,785	\$ 5,642,243	\$ 5,809,714	\$ 5,826,941	\$ 5,832,339
Restricted	918,588	526,654	828,083	378,073	755,410	576,215	724,427	691,177	1,169,631	1,079,103
Unrestricted	1,471,919	1,261,297	1,011,258	954,390	1,362,376	930,043	1,254,951	1,546,813	1,473,657	1,928,276
Total primary government net position	<u>\$ 6,340,829</u>	<u>\$ 6,352,646</u>	<u>\$ 6,243,204</u>	<u>\$ 6,563,250</u>	<u>\$ 7,180,927</u>	<u>\$ 7,042,043</u>	<u>\$ 7,621,621</u>	<u>\$ 8,047,704</u>	<u>\$ 8,470,229</u>	<u>\$ 8,839,718</u>

Table 2

Town of Swansboro, North Carolina
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Expenses										
General government	\$ 898,043	\$ 1,057,881	\$ 1,112,835	\$ 1,069,286	\$ 834,559	\$ 1,264,390	\$ 2,554,830	\$ 939,050	\$ 700,524	\$ 924,517
Public safety	1,399,491	1,545,594	1,322,229	1,248,651	1,453,439	1,485,086	1,622,146	1,989,854	2,266,322	2,031,383
Transportation	329,989	342,603	301,509	353,212	291,241	278,326	308,068	276,500	449,106	430,280
Economic development	71,133	60,147	60,083	56,784	66,166	140,494	310,249	145,233	143,597	331,837
Environmental protection	235,378	202,026	222,192	219,308	-	-	-	-	-	-
Cultural and recreation	282,417	307,758	346,952	325,874	350,443	357,969	321,218	342,413	369,351	419,503
Other	-	-	-	-	-	-	-	187,429	221,532	297,584
Interest on long-term debt	48,080	29,145	31,290	35,056	22,493	43,548	42,939	41,269	9,706	2,657
Total expenses	3,264,531	3,545,154	3,397,090	3,308,171	3,018,341	3,569,813	5,159,450	3,921,748	4,160,138	4,437,761
Program Revenues										
Charges for services:										
General government	89,919	83,216	59,043	52,165	\$ 75,895	\$ 79,227	\$ 130,524	72,725	57,994	98,838
Public safety	199,867	238,960	135,106	135,979	359,809	195,318	203,587	237,358	295,995	223,605
Transportation	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	3,096	1,299	1,345	6,045	31,866	79,096	-
Environmental protection	223,254	239,947	239,626	243,547	-	-	-	-	-	-
Cultural and recreational	13,944	43,088	30,009	41,408	54,394	41,938	116,439	68,131	60,153	115,439
Other	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	213,582	220,524	253,182	232,326	230,060	305,050	942,063	417,820	584,617	459,558
Capital grants and contributions	180,017	72,907	103,298	226,281	189,638	263,936	99,716	50,508	9,474	147,807
Total program revenues	920,583	898,642	820,264	934,802	911,095	886,814	1,498,374	878,408	1,087,329	1,045,247
Total Governmental Activities Net Program Expense	(2,343,948)	(2,646,512)	(2,576,826)	(2,373,369)	(2,107,246)	(2,682,999)	(3,661,076)	(3,043,340)	(3,072,809)	(3,392,514)
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	1,571,028	1,473,938	1,468,704	1,507,730	1,537,294	1,566,980	1,696,102	1,745,281	1,827,867	1,893,788
Other taxes	983,106	1,055,498	1,085,983	1,089,151	1,121,202	68,371	98,783	71,088	78,930	102,690
Privilege licenses	28,038	25,292	45	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	1,091,843	1,212,651	1,268,190	1,473,942	1,617,719
Unrestricted investment earnings	2,157	1,905	1,531	5,189	11,865	25,378	42,378	41,710	1,080	1,650
Miscellaneous	76,908	101,696	72,077	91,345	88,178	134,687	1,118,309	365,452	97,872	52,549
Transfers	-	-	-	-	-	(20,000)	1,500	(163,802)	(27,511)	(70,154)
Total general revenues and other changes in net position	2,661,237	2,658,329	2,628,340	2,693,415	2,758,539	2,867,259	4,169,723	3,327,919	3,452,180	3,598,242
Total Governmental Activities Change in Net Position	\$ 317,289	\$ 11,817	\$ 51,514	\$ 320,046	\$ 651,293	\$ 184,260	\$ 508,647	\$ 284,579	\$ 379,371	\$ 205,728

Table 2, (continued) Table 2, (continued)

Town of Swansboro, North Carolina
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type Activities:										
Expenses										
Water and Sewer	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Stormwater	-	-	-	-	71,493	78,517	71,688	123,764	117,630	122,200
Solid Waste	-	-	-	-	272,525	307,920	302,905	335,165	405,335	400,143
Total expenses	-	-	-	-	344,018	386,437	374,593	458,929	522,965	522,343
Revenues										
Charges for services:										
Water and Sewer	-	-	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	83,261	107,889	116,268	108,587	133,961	150,813
Solid Waste	-	-	-	-	272,743	288,002	314,882	328,044	399,232	455,102
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	356,004	395,891	431,150	436,631	533,193	605,915
Total Business-type Activities Net Program Expense	-	-	-	-	11,986	9,454	56,557	(22,298)	10,228	83,572
Other Changes in Net Position										
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	5,874	-	5,415	10,035
Special Item: Net transfer (to) from ONWASA	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	20,000	(1,500)	163,802	27,511	70,154
Total Business-type Activities Change in Net Position	\$ -	\$ -	\$ -	\$ -	\$ 11,986	\$ 29,454	\$ 60,931	\$ 141,504	\$ 43,154	\$ 163,761
Total Primary Government Change in Net Position	\$ 317,289	\$ 11,817	\$ 51,514	\$ 320,046	\$ 663,279	\$ 213,714	\$ 569,578	\$ 426,083	\$ 422,525	\$ 369,489

Table 3

Town of Swansboro, North Carolina
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	-	-	-	-	-	-	-	-	-	\$ 1,801
Restricted	\$ 210,190	\$ 210,565	\$ 273,770	\$ 206,186	\$ 268,203	\$ 294,859	\$ 416,603	\$ 358,110	\$ 551,332	\$ 492,534
Assigned	139,270	-	-	-	164,802	97,730	123,471	378,472	249,260	-
Unassigned	1,502,910	1,495,851	1,354,290	1,356,191	1,745,540	1,816,698	2,156,201	2,229,423	2,432,008	2,976,642
Total general fund	<u>\$ 1,852,370</u>	<u>\$ 1,706,416</u>	<u>\$ 1,628,060</u>	<u>\$ 1,562,377</u>	<u>\$ 2,178,545</u>	<u>\$ 2,209,287</u>	<u>\$ 2,696,275</u>	<u>\$ 2,966,005</u>	<u>\$ 3,232,600</u>	<u>\$ 3,470,977</u>
All Other Governmental Funds										
Restricted	\$ 708,398	\$ 316,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted, reported in:										
Capital projects funds	-	-	554,313	171,887	281,356	281,356	307,824	333,067	618,299	586,569
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 708,398</u>	<u>\$ 316,089</u>	<u>\$ 554,313</u>	<u>\$ 171,887</u>	<u>\$ 281,356</u>	<u>\$ 281,356</u>	<u>\$ 307,824</u>	<u>\$ 333,067</u>	<u>\$ 618,299</u>	<u>\$ 586,569</u>

Note: The classifications of fund balance changed in 2010.

Table 4

Town of Swansboro, North Carolina
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Ad valorem taxes	\$ 1,568,269	\$ 1,473,833	\$ 1,467,055	\$ 1,513,834	\$ 1,541,629	\$ 1,573,343	\$ 1,722,590	\$ 1,737,283	\$ 1,838,055	\$ 1,895,353
Other taxes and licenses	792,531	888,119	815,118	774,078	812,899	68,371	98,783	71,088	78,930	102,690
Unrestricted intergovernmental revenues	238,981	209,411	256,714	315,073	308,303	1,091,843	1,212,651	1,268,190	1,473,942	1,617,719
Restricted intergovernmental revenues	397,490	303,251	358,100	232,326	419,698	568,986	942,063	417,820	584,617	607,365
Permits and fees	480,921	562,556	457,427	475,835	490,877	317,368	456,595	410,080	414,142	437,882
Sales and services	750	540	225	360	520	460	360	830	1,470	820
Investment earnings	2,157	1,905	1,531	5,189	11,865	25,378	42,378	41,710	1,080	1,650
Miscellaneous	88,153	106,650	122,619	86,080	78,053	72,652	1,110,184	359,752	96,142	50,679
Contributions	4,609	3,680	3,525	3,907	10,125	11,549	7,765	4,870	1,730	1,050
Total revenues	3,573,861	3,549,945	3,482,314	3,406,682	3,673,969	3,729,950	5,593,369	4,311,623	4,490,108	4,715,208
Expenditures:										
General government	800,680	950,643	1,113,278	917,528	747,003	479,063	2,282,960	689,791	790,074	861,998
Public safety	1,254,543	1,412,270	1,367,184	1,259,906	1,324,479	1,430,128	1,656,995	1,880,813	1,852,808	1,972,673
Transportation	297,483	311,048	290,520	281,291	210,436	162,654	229,227	236,081	363,173	267,521
Environmental protection	235,378	202,026	60,083	125,594	-	-	-	-	-	-
Cultural and recreational	231,539	242,030	222,514	219,308	277,370	261,618	250,184	251,544	286,572	315,630
Economic development	71,133	60,147	275,810	286,748	66,166	463,456	180,001	145,233	92,936	331,837
Non-departmental	34,781	24,280	22,470	52,929	49,968	300,145	191,044	187,429	221,532	297,584
Capital outlay	364,840	767,405	250,141	800,126	853,047	580,789	177,217	350,163	172,561	94,229
Debt service:										-
Principal retirement	43,747	97,607	100,763	289,998	101,613	214,144	217,531	221,000	268,549	294,278
Interest and fees	48,429	31,141	27,985	37,365	32,399	43,548	42,939	41,269	9,706	2,657
Total expenditures	3,382,553	4,098,597	3,730,748	4,270,793	3,662,481	3,935,545	5,228,098	4,003,323	4,057,911	4,438,407
Excess of revenues over (under) expenditures	191,308	(548,652)	(248,434)	(864,111)	11,488	(205,595)	365,271	308,300	432,197	276,801
Other financing sources (uses):										
Debt issued	-	-							-	-
Sales of capital assets	5,200	10,389	8,302	1,358	-	50,486	-	-	-	-
Loan Proceeds	-	-	400,000	-	920,000	-	-	227,700	110,700	-
Transfers in	501,894	660,545	803,048		464,955	144,132	17,500		123,634	-
Transfers (out)	(501,894)	(660,545)	(803,048)	(3,056)	(464,955)	(164,132)	(73,000)	(266,270)	(399,936)	(70,154)
Total other financing sources (uses)	5,200	10,389	408,302	(1,698)	920,000	30,486	(55,500)	(38,570)	(165,602)	(70,154)
Net change in fund balances	\$ 196,508	\$ (538,263)	\$ 159,868	\$ (65,683)	\$ 931,488	\$ (175,109)	\$ 309,771	\$ 269,730	\$ 266,595	\$ 206,647
Debt service as a percentage of noncapital expenditures	3.2%	3.9%	3.7%	9.4%	4.8%	7.7%	5.2%	7.2%	7.2%	6.8%

Table 5

Town of Swansboro, North Carolina
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Real Property									Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Taxable Assessed Value as a Percentage of Actual Value
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)	Personal Property	Public Service Companies (2)	Less Exemptions	Total Taxable Assessed Value			
2013	300,569,475	65,710,564	509,840	9,560	38,546,808	4,609,676	3,151,685	406,804,238	0.393	426,615,604	95.36%
2014	307,229,330	65,847,344	509,840	9,560	41,803,368	4,241,886	3,483,125	401,817,847	0.350	393,098,400	102.22%
2015	295,600,600	77,437,501	742,680	11,500	39,333,998	3,884,460	3,409,620	413,601,119	0.350	380,292,891	108.76%
2016	303,588,080	77,970,081	742,680	11,500	44,201,856	3,854,053	3,335,020	427,033,230	0.350	N/A	N/A
2017	308,578,874	78,380,101	742,680	13,400	15,920,496	3,745,793	3,286,938	404,094,406	0.350	N/A	N/A
2018	317,532,344	78,289,161	742,680	11,500	16,256,102	3,849,385	4,031,860	444,618,348	0.350	N/A	N/A
2019	332,217,399	108,045,036	594,022	11,580	22,337,442	3,380,344	4,614,990	462,232,273	0.350	N/A	N/A
2020	340,622,360	115,819,752	594,022	7,320	18,518,984	3,283,451	5,046,551	473,799,338	0.350	N/A	N/A
2021	340,888,060	115,819,752	594,022	7,320	24,194,699	3,283,451	5,046,551	479,740,753	0.350	N/A	N/A
2022	354,951,130	117,310,726	594,022	7,320	24,618,118	3,221,166	5,103,710	495,598,772	0.350	N/A	N/A

Source: Annual Town of Swansboro Report of Valuation and Property Tax Levies

Notes:

(1) Present use value property is agricultural and horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid. Property in Onslow County is reassessed every four years. The last reassessment was on January 1, 2022. The 22/23FY will reflect the reassessment as of January 1, 2022, and will be the basis for fiscal 2023 taxes. The county assesses property at 100 percent of actual value. Tax rates are per \$100 of assessed value.

(2) Public service companies valuations are provided to the County by North Carolina Department of Revenue. These amounts include both real and personal property.

(3) Per \$100 value.

(4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on the actual property sales which took place during the fiscal year.

Table 6

Town of Swansboro, North Carolina
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	<u>Town's Direct Rate</u>	<u>Overlapping Rates</u>	<u>Total</u>
	<u>Basic Rate</u>	<u>Onslow County</u>	
2013	0.3930	0.5850	0.9780
2014	0.3500	0.6750	1.0250
2015	0.3500	0.6750	1.0250
2016	0.3500	0.6750	1.0250
2017	0.3500	0.6750	1.0250
2018	0.3500	0.7050	1.0550
2019	0.3500	0.7050	1.0550
2020	0.3500	0.7050	1.0550
2021	0.3500	0.7050	1.0550
2022	0.3500	0.6550	1.0050

Sources: Town Finance Office and Onslow County Tax Administrator/Collector

Table 7

Town of Swansboro, North Carolina
PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Walmart Real Estate Business Trust	13,287,572	1	2.44	-	-	-
Swansboro Ventures	5,834,962	2	1.07	5,957,141	1	1.46
Whale Enterprises, LLC	4,039,773	4	0.74	3,594,350	2	0.88
Wal Mart Stores east LP US07179	3,826,745	3	0.70	-	-	-
Onslow Propco Holdings LLC	3,688,730	5	0.68	-	-	-
Stevenson John O & Susan B	3,092,791	6	0.57	-	-	-
All Stor Swansboro LLC	3,067,655	7	0.56	-	-	-
The Rosemyr Corporation	2,812,061	8	0.52	-	-	-
Bailey & Fuller Properties LLC	2,738,756	9	0.50	-	-	-
PAEJ Properties LLC	2,443,750	10	0.45	-	-	-
Swansboro Hill LTD Part	-	-	-	2,113,100	7	0.52
Perry Michael, Mark & George	-	-	-	2,008,900	8	0.49
Carolina Telephone	-	-	-	3,500,286	3	0.86
JO & T LLC	-	-	-	2,500,100	4	0.61
First Citizens Bank & Trust Co	-	-	-	1,881,370	9	0.46
H.M. Wilson Development, LLC	-	-	-	2,475,000	5	0.61
W. Keith Walsh, LLC	-	-	-	2,307,970	6	0.57
Port O' Swannsborough LLC	-	-	-	1,715,430	10	0.42
Total	<u>\$ 44,832,795</u>		<u>8.22 %</u>	<u>\$ 28,053,647</u>		<u>6.90 %</u>

Source: Onslow County Tax Administrator/Collector

Town of Swansboro, North Carolina
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	1,570,062	1,527,623	97.30	33,881	1,561,504	99.45
2014	1,472,985	1,434,718	97.40	-	1,434,718	97.40
2015	1,459,788	1,431,711	98.08	-	1,431,711	98.08
2016	1,502,478	1,468,128	97.71	-	1,468,128	97.71
2017	1,423,605	1,395,504	98.10	-	1,395,504	98.10
2018	1,562,956	1,541,641	98.64	-	1,541,641	98.64
2019	1,709,371	1,699,362	99.41	-	1,699,362	99.41
2020	1,758,462	1,742,557	99.10	-	1,742,557	99.10
2021	1,831,147	1,818,976	99.34	-	1,818,976	99.34
2022	1,909,069	1,898,041	99.42	-	1,898,041	99.42

Source: Onslow County Tax Administrator/Collector

Town of Swansboro, North Carolina
DIRECT AND OVERLAPPING SALES TAX RATES
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Onslow County ^a</u>
2013	2.25
2014	2.25
2015	2.25
2016	2.25
2017	2.25
2018	2.25
2019	2.25
2020	2.25
2021	2.25
2022	2.25

Sources: Town Finance Office and Onslow County Finance Office

Notes: The County sales tax rate may be changed only with the approval of the state legislature.

^a The Town does not levy a separate sales tax from the County.

Table 10

Town of Swansboro, North Carolina
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities	Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Debt Per Capita
	Installment Purchase Loans	USDA Bonds			
2013	1,307,532	-	1,307,532	0.02	466
2014	1,209,925	-	1,209,925	0.02	404
2015	1,509,162	-	1,509,162	0.02	518
2016	1,219,164	-	1,219,164	N/A	415
2017	2,037,551	-	2,037,551	N/A	691
2018	1,823,407	-	1,823,407	N/A	610
2019	1,605,876	-	1,605,876	N/A	527
2020	1,612,576	-	1,612,576	N/A	530
2021	1,454,727	-	1,454,727	N/A	388
2022	1,160,449	-	1,160,449	N/A	297

Notes:

The Town has no outstanding general obligation bonds. Details regarding the Town's outstanding debt can be found in the notes to the financial statements (Note 6)

^a See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

N/A - Personal income information unavailable for this year

Town of Swansboro, North Carolina
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of June 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Onslow County General Obligation Debt	\$ 27,510,000	3.11%	\$ 854,219
Other Debt			
Onslow County Limited Obligation Bonds	162,825,000	3.11%	\$ 5,055,915
Onslow County Certificates of Participation	6,660,000	3.11%	\$ 206,801
Onslow County Installment Purchase Loans	2,200,000	3.11%	\$ 68,313
Subtotal, overlapping debt			<u>6,185,248</u>
Town direct debt			<u>1,160,449</u>
Total direct and overlapping debt			<u><u>\$ 7,345,697</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Onslow County Tax Collector/Assessor. Debt outstanding data provided by each governmental unit.

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

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Onslow County's taxable assessed value that is within the Town's boundaries and dividing it by each unit's total taxable assessed value.

Table 12

Town of Swansboro, North Carolina
LEGAL DEBT MARGIN INFORMATION
 Last Three Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed valuations:	
Assessed value	\$ 540,344,576
Add back: exempt real property	<u>(5,103,710)</u>
Total assessed value	<u><u>\$ 545,448,286</u></u>
Legal debt margin:	
Debt limitation - 8 percent of total assessed value	43,635,863.00
Debt applicable to limitation:	
Total installment purchase obligations	<u>(1,160,449)</u>
Legal debt margin	<u><u>\$ 42,475,414</u></u>

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit	\$ 40,193,417	\$ 41,854,789	\$ 43,635,863
Total net debt applicable to limit	<u>1,612,576</u>	<u>1,454,727</u>	<u>1,160,449</u>
Legal debt margin	<u><u>\$ 38,580,841</u></u>	<u><u>\$ 40,400,062</u></u>	<u><u>\$ 42,475,414</u></u>
Total net debt applicable to the limit as a percentage of debt limit	4.0%	3.5%	2.7%

Note: Under state finance law, the Town's outstanding general obligation debt may not exceed eight percent (8%) of total assessed

Table 13

Town of Swansboro, North Carolina
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	(1) Population ^a	(2) Personal Income ^a (in thousands)	(2) Per Capita Personal Income ^a	(1) Median Age ^a	(3) School Enrollment ^b	(4) Unemployment Rate Percentage ^c
2013	2,808	8,421,526	45,953	25.90	3,640	8.9
2014	2,993	N/A	NA	26.33	3,850	7.2
2015	2,916	N/A	26,429	37.70	3,209	6.7
2016	2,940	N/A	26,429	38.10	3,337	5.5
2017	2,948	N/A	26,429	38.20	3309	5.5
2018	2,988	N/A	25,666	37.90	2,089	4.6
2019	3,045	N/A	25,699	37.60	3,217	4.5
2020	3,045	N/A	28,530	40.77	3,170	5.3
2021	3,750	N/A	28,530	40.70	3,402	4.8
2022	3,904	N/A	42,824	41.00	4,012	4.8

Sources:

(1) NC Office of State Planning - State Demographer and US Census Bureau

(2) US Department of Commerce, Bureau of Economic Analysis

(3) Onslow County Board of Education

(4) NC Employment Security Commission

(5) Census Reporter

NA - Data not available; approximately two-year lag in data released from BEA

Notes:

^a Population, personal income, and median age information is based on surveys conducted during the last quarter of the calendar year. Populations are the Town's however, personal income, per capita personal income, and median age figures are for Onslow County, which include Town of Swansboro.

^b Swansboro schools were contacted at the beginning of each school year for this information. Actual enrollment during the school year could have changed due to transfers and/or late enrollments.

^c Unemployment rate information is as of June 30th.

Town of Swansboro, North Carolina
PRINCIPAL EMPLOYERS, CURRENT YEAR

Employer	2022		Percentage of Total County Employment
	Employees (b)	Rank	
Onslow County Board of Education (a)	382	1	See %
Walmart	268	2	Below
High Speed Gear Inc	137	3	
Food Lion, LLC	86	4	
Town of Swansboro	56	5	
Team Chevrolet of Swansboro	54	6	
McDonald's	45	7	
Piggly Wiggly	35	8	
Burger King	31	9	
Excell Learning Center	29	10	
Total	1,123		

Sources: Local employers.

Notes:

(a) Total includes staff at schools in Swansboro town limits: Swansboro High School, Swansboro Middle School, Swansboro Elementary School and Queens Creek Elementary School.

(b) Total includes full-time and part-time

Data for the nine years prior to the current period not presented because information is not available

Note: Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used.

Table 15

Town of Swansboro, North Carolina
FULL-TIME TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	8	11	11	11	11	13.5	14.5	13.75	13.75	13.75
Public safety	13	14	10	11	14	18	17	18.75	20.75	20.75
Transportation	6	5	5	4	4	1.5	1.5	1.3	1.3	2.3
Enterprise Fund-Stormwater	-	-	-	-	1	1	1	1.1	1.1	1.1
Enterprise Fund-Solid Waste	-	-	-	-	1	1	1	1.1	1.1	1.1
Enterprise Fund-Water	*	*	*	*	*	*	*	*	*	*
Enterprise Fund-Wastewater	*	*	*	*	*	*	*	*	*	*
TOTAL	27	30	26	26	31	35	35	36	38	39

* As of January 1, 2007, all water and wastewater operations were transferred to ONWASA, a local water and sewer authority.

Source: Town Finance Office

Table 16

Town of Swansboro, North Carolina
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Total permits issued related to:	1047	1010	912	796	840	956	1037	1144	847.00	650
Residential units	885	835	647	601	620	665	747	894	608.00	388
Commercial units	162	175	265	195	220	291	290	250	239.00	262
Business privilege license collections	\$ 28,038	\$ 25,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Police										
Physical arrests	645	1,088	147	111	153	130	179	142	174	258
Fire										
Emergency responses	236	250	246	334	363	370	379	446	449	715
Water										
Avg daily consumption (thousands of gallons)	*	*	*	*	*	*	*	*	*	*
Number of utility accounts	*	*	*	*	*	*	*	*	*	*
Wastewater										
Avg daily sewer treatment (thousands of gallons)	*	*	*	*	*	*	*	*	*	*
Number of utility accounts	*	*	*	*	*	*	*	*	*	*
Solid Waste Disposal										
Refuse collected (tons per fiscal year)	1045.25	910.36	785.54	1007.21	1078.34	1163.33	1395.95	1301.42	1312.47	1392.16
Yard waste collected (tons per fiscal year)	147.88	116.84	45.62	24.17	38.15	37.06	16.05	22.44	**	**
Recyclables collected (tons per fiscal year)	257.75	314.32	320.98	274.85	297.66	290.16	289.29	295.21	229.29	246.64

* As of January 1, 2007, all water and wastewater operations were transferred to ONWASA, a local water and sewer authority

Physical Arrests prior to 2015, also included citations.

**Landfill Tonnage details are taken from the Onslow County Solid Waste monthly invoice. As of 7.1.2020 no more yardwaste tipping fees apply - Grapple Truck purchased and yard waste disposed directly now at no cost.

NA - Data not available

Sources: Various Town Departments

Table 17

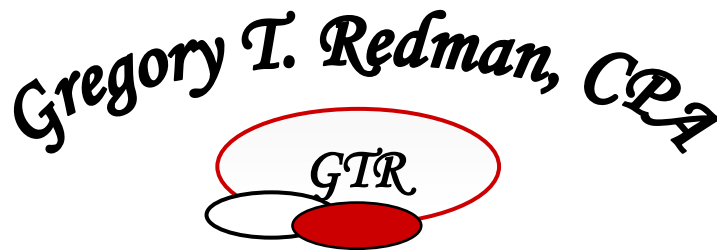
Town of Swansboro, North Carolina
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>General government</u>										
Buildings	2	2	2	2	2	2	2	2	2	2
<u>Public Safety</u>										
Public Safety Building	**	**	**	1	1	1	1	1	1	1
Police										
Stations	1	1	1	**	**	**	**	**	**	**
Police vehicles	10	10	10	10	11	11	14	16	16	16
Fire										
Stations	1	1	1	**	**	**	**	**	**	**
Fire Vehicles / Engines	8	8	8	9	9	9	9	9	9	9
Fire Hydrants	310	304	304	304	304	304	304	304	304	304
<u>Transportation</u>										
Public Works										
Streets (miles)	12.48	12.32	13.33	14.23	14.72	14.72	14.72	14.95	15.29	15.17
<u>Cultural and Recreation</u>										
Recreation and Parks										
Parks	7	7	7	7	7	7	7	7	7	7
Playgrounds	3	3	3	3	3	3	3	3	3	3
Tennis courts	1	1	1	1	1	1	1	1	1	1
Volleyball courts	1	0	0	0	0	0	0	0	0	0
<u>Public Utilities</u>										
Water										
Water mains (miles)	*	*	*	*	*	*	*	*	*	*
Wastewater										
Sanitary sewers (miles)	*	*	*	*	*	*	*	*	*	*

* As of January 1, 2007, all water and wastewater operations were transferred to ONWASA.

**As of March 2016, Public Safety Building accommodates both Police and Fire

Sources: Various Town Departments



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 Honorable Mayor and
Members of the Board of Commissioners
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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of Town of Swansboro, North Carolina as of and for the year ended June 30, 2022, the related notes to the financial statements, and have issued my report thereon dated November 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Swansboro, North Carolina's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 the design or operating 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 statements 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Tarboro, North Carolina
November 15, 2022

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