

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2024**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
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FOR THE YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Atlantic Beach, South Carolina (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Atlantic Beach, South Carolina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our 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 States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the Town's ability to continue as a going concern for 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**

Our 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 our opinions. 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 generally accepted 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 *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain 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 the Town'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, pension schedules and budgetary comparison schedules for the General Fund as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying uniform schedule of court fines, assessments and surcharges (per ACT 96) as listed in the table of contents, are presented for 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 our opinion, the uniform schedule of court fines, assessments and surcharges (per ACT 96) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2025 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.



*CKH CPAs and Advisors, LLC*

CKH CPA's and Advisors, LLC  
Atlanta, Georgia  
April 25, 2025



**MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT**  
**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**JUNE 30, 2024**

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The Town of Atlantic Beach, South Carolina, also known as "The Black Pearl", is a dynamic and growing community with an active beachfront community, a significant historic story to tell, and a picturesque beach. Atlantic Beach, South Carolina is a historic African American coastal community nestled in Horry County. Established in 1934 as a segregated beach community for "colored" workers, Atlantic Beach, with its physical barriers, grew and flourished prior to integration, becoming one of the most popular vacation destinations for African Americans. In 1966 Atlantic Beach became an independent municipality. Despite many racial challenges, physical barriers, infrastructural exclusion, environmental injustices, political omission, social challenges and financial challenges, Atlantic Beach has remained an independent African American owned and governed community for 90 years. According to National Geographic Magazine (Bethel, 2022), Atlantic Beach is now the only African American owned and governed beachfront community in the United States.

On January 22, 2025, the Atlantic Beach Historic District (the entire Town) was officially listed on the National Register of Historic Places. The Atlantic Beach infrastructure, including stormwater management, road and sidewalk development, beach access and utility upgrades, is far behind that of the neighboring communities. The outdated infrastructure is becoming an increasingly pressing issue as new homes and buildings are being developed.

Atlantic Beach is a four-street coastal town along the Atlantic Ocean with a total land area of 0.2 square miles, located in Horry County, near North Myrtle Beach, and Myrtle Beach, and is home to 298 residents. The town also is host to the Black Pearl Cultural Heritage and Bike Fest Festival each Memorial Day weekend. This four-day event draws an estimated 300,000 visitors.

The following discussion and analysis provided by the Town's Management presents a narrative overview and analysis of the financial activities of the Town through the presentation of the Annual Financial Report for the Fiscal Year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Town's Financial Statements which follow this section.

#### **REVIEWING THE ANNUAL REPORT**

The annual report covers multiple financial statements. The Statement of Net Position and the Statement of Activities supply data about the activities of the Town as a whole and provide thorough information regarding the Town's finances. For government activities, these statements show how services were financed and what remains for future spending. Fund financial statements show Town operations in more detail than government-wide statements as they provide information about the Town's most important funds.

#### **FINANCIAL HIGHLIGHTS**

Due to this year's operations, the Town's Net Position is as follows: Net Position of Governmental Activities was \$957,556 compared to \$948,083 in 2023, due to a reduction made by the auditors, not a decrease in revenues, as well as a reduction in the settlement payable from \$362,418 to \$85,000.

- The current year's governmental activities expenses totaled \$1,269,973 as compared to \$1,361,897 in 2023. The Town generated \$1,502,508 in revenues for governmental activities compared to \$1,700,039 in the previous year, due to more grants being generated.
- The Town's General Fund reported an ending fund balance of \$702,414, a decrease of \$223,062 from the prior year. The primary reason for the decrease as stated in note 13 was an adjustment because of funds received in 2021 and 2022 that were not spent by the end of the previous period, not earned and should be disclosed as a liability. Management disagrees with the decrease. Had this correction not been made, the change in net position would have increased.
- Property tax revenue increased by 15.2 percent. A reflection of the construction of new homes being built in the community over the past three or four years. Our housing inventory has increased by more than 30 homes in the last five years.
- Total general revenue increased by 2.8%.
- The Town was the recipient of several grants in past years which resulted in the following work being undertaken in fiscal 2024. The preparation of a nomination to become an Historic district on the National Register of Historic Places; capturing information regarding our history both orally, and digital images of artifacts; preparing to install solar light on a major roadway in town.
- The Town was also selected as a Thriving Community by the United States Department of Transportation and participated in many grant writing endeavors to improve our infrastructure and facilities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT**  
**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**JUNE 30, 2024**

**THE TOWN AS A WHOLE ANALYSIS**

Since the Statement of Net Position and the Statement of Activities provide facts about the Town as a whole, the statements can help determine if a Town has improved or deteriorated as a result of the year's activities. All assets and liabilities are included in the statements using the accrual basis of accounting. The accrual method is comparable to the accounting used by most private corporations. All current year revenues and expenses are included. It does not matter when cash is paid or received.

These statements give an account of the Town's net position and any changes in that position. However, to truly judge the condition of the Town, some non-financial factors must be considered. For example, a change in the tax base could greatly affect the statements.

The Statement of Net Position and the Statement of Activities divide the Town into the following type of activities:

- 1) *Governmental Activities*: The Town's basic services are accounted for in this section: public works, public safety, general administration and organization of annual bike festival. Property taxes, franchise fees, business licenses, and local option sales taxes finance the majority of these activities.

**DETAILING THE MOST IMPORTANT FUNDS**

The fund financial statements cover detailed information about the most important funds of the Town. Certain funds are mandated by State law and by Bond agreements. Other funds are established to manage money, meet legal requirements or for certain taxes or grants.

- *Governmental Funds*: Basic services are reported in governmental funds. This section details how money flows in and out of the funds and covers the balances left at year-end that are left on hand for disbursement. Governmental funds are reported using an accounting method called modified accrual accounting. This method measures cash and financial assets that can easily be converted to cash. The governmental fund statements supply a detailed short-range view of general government operations and basic services. Governmental fund data allows a Town to determine the financial resources that can be spent in the long-term to finance the Town's programs.

**THE TOWN AS A WHOLE ANALYSIS**

The largest component of the Town's net position is its investment in capital assets (i.e. land, infrastructure, buildings, equipment, and other). Outstanding debt exists on these assets in the form of revenue bonds. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The Town has net position at year-end that is restricted for the purposes of debt service and construction of capital projects. The remaining portion of net position is unrestricted, which can be used to finance governmental operations.

The Town's combined net position is \$642,556 compared to \$948,083 last year. Table 1 focuses on the net position and Table 2 focuses on the changes in net position of the Town's governmental activities.

The Town's net position for Governmental Activities was \$957,556 this year compared to \$948,083 last year. Unrestricted net position was in a deficit of \$2,958 this year, compared to a deficit of \$15,956 last year. Unrestricted net position is what can be used to finance every-day operations without restrictions set by legislation, debt covenants, or other legal regulations.

Total revenues for the current year were \$1,502,508 compared to \$1,700,039 last year. The total yearly cost of all programs and services were \$1,269,973 compared to \$1,361,897 last year.

Table 3 details the cost of the Town's major programs as well as each program's net cost (total cost less revenues generated by the program). The net cost indicates the financial burden that was shifted to the Town's taxpayers by each of these programs.

<b>TABLE 1: NET POSITION</b>				
	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and Other Assets	\$ 1 050 187	\$ 1 256 037	\$ 1 050 187	\$ 1 256 037
Capital Assets	969 963	962 718	969 963	962 718
<b>TOTAL ASSETS</b>	<b>\$ 2 020 150</b>	<b>\$ 2 218 755</b>	<b>\$ 2 020 150</b>	<b>\$ 2 218 755</b>
Current Liabilities	\$ 462 595	\$ 492 025	\$ 462 595	\$ 492 025
Long-Term Liabilities	599 999	778 647	599 999	778 647
<b>TOTAL LIABILITIES</b>	<b>\$ 1 062 594</b>	<b>\$ 1 270 672</b>	<b>\$ 1 062 594</b>	<b>\$ 1 270 672</b>
Net investment in capital assets	\$ 959 193	\$ 962 718	\$ 959 193	\$ 962 718
Restricted	1 321	1 321	1 321	1 321
Unrestricted	(2 958)	(15 956)	(2 958)	(15 956)
<b>TOTAL LIABILITIES</b>	<b>\$ 957 556</b>	<b>\$ 948 083</b>	<b>\$ 957 556</b>	<b>\$ 948 083</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT**  
**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**JUNE 30, 2024**

**TABLE 2: CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Program Revenues:				
Charges for Services	\$ 119 547	\$ 127 462	\$ 119 547	\$ 127 462
Capital Grants/Contributions	152 255	375 368	152 255	375 368
General Revenues				
Property Taxes	326 747	283 586	326 747	283 586
Fines, fees and charges for services	574 398	617 213	574 398	617 213
Other Taxes	288 230	274 257	288 230	274 257
Other General	41 331	22 153	41 331	22 153
<b>Total Revenues</b>	<b>\$ 1 502 508</b>	<b>\$ 1 700 039</b>	<b>\$ 1 502 508</b>	<b>\$ 1 700 039</b>
Program Expenses:				
General Government	\$ 713 408	\$ 875 329	\$ 713 408	\$ 875 329
Public Works	46 325	-	46 325	-
Public Safety	444 502	422 188	444 502	422 188
Special event - Bike Fest	60 702	64 380	60 702	64 380
Interest and fiscal charges	5 036	-	5 036	-
<b>Total Expenses</b>	<b>\$ 1 269 973</b>	<b>\$ 1 361 897</b>	<b>\$ 1 269 973</b>	<b>\$ 1 361 897</b>
Change in Net Position	232 535	338 142	232 535	338 142
Error correction	(223 062)	-	(223 062)	-
<b>NET POSITION, BEGINNING</b>	<b>948 083</b>	<b>609 941</b>	<b>948 083</b>	<b>609 941</b>
<b>NET POSITION, ENDING</b>	<b>\$ 957 556</b>	<b>\$ 948 083</b>	<b>\$ 957 556</b>	<b>\$ 948 083</b>

**Table 3: GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost (Revenue) of services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General Government	\$ 713 408	\$ 875 329	\$ (836 278)	\$ (460 651)
Public Works	46 325	-	(46 325)	-
Public Safety	444 502	422 188	(441 196)	(391 309)
Special event - Bike Fest	60 702	64 380	15 664	(7 107)
Interest and fiscal charges	5 036	-	(5 036)	-
<b>TOTALS</b>	<b>\$ 1 269 973</b>	<b>\$ 1 361 897</b>	<b>\$ (1 313 171)</b>	<b>\$ (859 067)</b>

**GOVERNMENTAL FUNDS**

This year the governmental fund revenues were \$1,479,028 compared to \$1,700,039 last year. This year's governmental fund expenditures were \$1,550,706 compared \$1,527,756 last year. Fund balance was \$702,414 as compared to \$973,674 last year.

**BUDGETARY HIGHLIGHTS:**

The Town Council revisits the budget several times during the year. The current year's budgets were defined as follows:

**Table 4: 2024 BUDGET**

	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>O/A VARIANCE*</u>	<u>2024 ACTUAL EXPENSES</u>
General Fund	\$ 1 212 468	\$ 1 212 468	\$ -	\$ 1 550 706
Total	<b>\$ 1 212 468</b>	<b>\$ 1 212 468</b>	<b>\$ -</b>	<b>\$ 1 550 706</b>

\* O/A refers to the variance between the Original Budget and the Amended

As a whole, the Town had expenditures in excess of the adopted budget by \$338,238 due to an increase in revenues.



**MANAGEMENT'S DISCUSSION AND ANALYSIS FINANCIAL REPORT  
TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
JUNE 30, 2024**

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**TOWN FUNDS**

At year end, the Town reported cash balances of \$737,440 compared to \$969,146 last year. Included in cash balances are accounts restricted for police seized funds in the amount of \$1,321 compared to \$1,321 last year.

**CAPITAL ASSETS**

At the close of the year, the Town had invested \$1,422,674 in Capital Assets such as land, buildings, and improvements, equipment and infrastructure. These figures are before depreciation. Last year Capital Assets before depreciation were \$1,367,226. After accumulated depreciation of \$452,711 the end of year total was \$969,963 (See the note disclosure in Note 5 for more detailed information).

**ECONOMIC ISSUES / UPCOMING YEARLY BUDGETS**

The Town has seen more new homes constructions in the last few years. These new homes require more resources. The Town recognizes the need for more commercial activity and has sponsored economic forums the past two years to encourage development and opportunities for commercial activities.

**CONTACT INFORMATION**

This report has been created to give our citizens, taxpayers, customers, and creditors a summary of town finances and to show allocation of the money it receives. If you have any questions regarding this report, or if you need additional financial information, please contact:

Linda Moyer Cheatham  
Interim Town Manager  
Town of Atlantic Beach, SC, 29582  
Phone: 1-843-663-2284  
[cheatham@townofatlanticbeachsc.com](mailto:cheatham@townofatlanticbeachsc.com)

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 737 440
Restricted cash	1 321
Accounts receivable	120 879
Due from other government	15 137
Prepaid expenses	31 823
<b>Total current assets</b>	<b>906 600</b>
Noncurrent assets	
Capital assets:	
Depreciable assets, not depreciated	599 639
Depreciable assets, depreciable, net of accumulated depreciation	370 324
<b>Total noncurrent assets</b>	<b>969 963</b>
<b>Total assets</b>	<b>1 876 563</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	143 587
<b>Total deferred outflows of resources</b>	<b>143 587</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	82 906
Accrued liabilities	38 354
Unearned revenue	82 926
Lease liabilities	10 770
Compensated absences	32 444
Settlement payable	85 000
<b>Total current liabilities</b>	<b>332 400</b>
Noncurrent liabilities	
Lease liabilities	-
Net pension liability	599 999
<b>Total noncurrent liabilities</b>	<b>599 999</b>
<b>Total liabilities</b>	<b>932 399</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	130 195
<b>Total deferred inflows of resources</b>	<b>130 195</b>
<b>NET POSITION</b>	
Net investment in capital assets	959 193
Restricted:	
Police seized funds	1 321
Unrestricted (deficit)	(2 958)
<b>Total net position</b>	<b>\$ 957 556</b>

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

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

				Net (expense) revenue and changes in net position
	Expenses	Charges for services	Capital grants and contributions	Governmental activities
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 713 408	\$ 39 875	\$ 152 255	\$ (521 278)
Public safety	444 502	3 306	-	(441 196)
Public works	46 325	-	-	(46 325)
Special event - Bike Fest	60 702	76 366	-	15 664
Interest and fiscal charges	5 036	-	-	(5 036)
<b>Total primary government</b>	<u>\$ 1 269 973</u>	<u>\$ 119 547</u>	<u>\$ 152 255</u>	<u>(998 171)</u>
General revenues				
Property taxes				326 747
Licenses and permits				574 398
Franchise fees				86 586
Intergovernmental				58 947
Special tax				142 697
Insurance reimbursements				20 980
Other income				16 175
Interest income				1 676
Gain on disposal of assets				2 500
Total general revenues				<u>1 230 706</u>
Change in net position				232 535
Net position, as at June 30, 2023, as previously stated				948 083
Error correction (Note 13)				<u>(223 062)</u>
Net position, as at June 30, 2023, as restated				725 021
Net position, end of year				<u><u>\$ 957 556</u></u>

**The accompanying notes are an integral part of these financial statements.**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	<u>General Fund</u>	<u>ARPA Grant Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 654 514	\$ 82 926	\$ 737 440
Restricted cash	1 321	-	1 321
Accounts receivable	120 879	-	120 879
Due from other government	15 137	-	15 137
Prepaid expenses	31 823	-	31 823
<b>Total assets</b>	<u>\$ 823 674</u>	<u>\$ 82 926</u>	<u>\$ 906 600</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	82 906	-	82 906
Accrued liabilities	38 354	-	38 354
Unearned revenue	-	82 926	82 926
<b>Total liabilities</b>	<u>121 260</u>	<u>82 926</u>	<u>204 186</u>
Fund balances			
Nonspendable:			
Prepaid items	31 823	-	31 823
Restricted:			
Police seized funds	1 321	-	1 321
Unassigned	669 270	-	669 270
<b>Total fund balances</b>	<u>702 414</u>	<u>-</u>	<u>702 414</u>
<b>Total liabilities and fund balances</b>	<u>\$ 823 674</u>	<u>\$ 82 926</u>	<u>\$ 906 600</u>

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

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

Fund Balance of Governmental Funds	\$ 702 414
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds.	969 963
Net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(599 999)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	143 587
Deferred inflows of resources related to pensions	(130 195)
Long-term liabilities, including compensated absences, settlement payable, and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the government funds	
Compensated absences	(32 444)
Settlement payable	(85 000)
Lease liabilities	(10 770)
<b>Net Position of government activities</b>	<b>\$ 957 556</b>

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

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	ARPA Grant Fund	Total
<b>Revenues</b>			
Property taxes	\$ 326 747	\$ -	\$ 326 747
Licenses and permits	574 398	-	574 398
Franchise fees	86 586	-	86 586
Intergovernmental	58 947	140 136	199 083
Special tax	142 697	-	142 697
Court fines, fees and assessments	3 306	-	3 306
Grants and other donations	12 119	-	12 119
Charges for services	39 875	-	39 875
Other income	16 175	-	16 175
Interest income	140	1 536	1 676
Bike Fest	76 366	-	76 366
<b>Total revenues</b>	<u>1 337 356</u>	<u>141 672</u>	<u>1 479 028</u>
<b>Expenditures</b>			
Current:			
General government	918 340	-	918 340
Public safety	444 502	-	444 502
Public works	46 325	-	46 325
Special event - Bike Fest	60 702	-	60 702
Capital outlay	67 948	-	67 948
Debt service:			
Principal repayments	7 853	-	7 853
Interest and fiscal charges	5 036	-	5 036
<b>Total expenditures</b>	<u>1 550 706</u>	<u>-</u>	<u>1 550 706</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(213 350)</u>	<u>141 672</u>	<u>(71 678)</u>
<b>Other financing sources (uses):</b>			
Insurance reimbursements	20 980	-	20 980
Proceeds on disposal of assets	2 500	-	2 500
Transfers in	141 672	-	141 672
Transfers out	-	(141 672)	(141 672)
<b>Total other financing sources (uses)</b>	<u>165 152</u>	<u>(141 672)</u>	<u>23 480</u>
Net change in fund balances	(48 198)	-	(48 198)
<b>Fund balances, as at June 30, 2023, as previously stated</b>	<u>973 674</u>	<u>-</u>	<u>973 674</u>
Error correction (Note 13)	(223 062)	-	(223 062)
<b>Fund balances, as at June 30, 2023, as restated</b>	750 612	-	750 612
<b>Fund balances, end of year</b>	<u>\$ 702 414</u>	<u>\$ -</u>	<u>\$ 702 414</u>

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

**TOWN OF ATLANTIC BEACH, SOUTH 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, 2024**

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Net change in Fund Balances - Total Governmental Funds	\$	(48 198)
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Amounts reported for governmental activities in the Statement of Activities differ from the amounts in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the costs of those assets, including right-to-use leased assets, are allocated over their estimated useful lives as depreciation or amortization expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. These activities are reconciled as follows:

Costs of assets capitalized	67 947	
Depreciation expense	(60 703)	7 245

Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	(7 620)
---	---------

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, however, has any effect on net position. This amount represents the current year principal payments on the Town's outstanding debt for governmental activities. There were two new lease agreements entered into during the year.	7 853
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The decrease in the long-term settlement payable is a movement in the long-term debt, however, does not effect the governmental funds. This amount represents the increase in the Town's settlement payable.	277 418
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Compensated absences is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amounts accrued exceeded the amount used for annual leave.	(4 163)
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<b>Change in net position for the year ended 30 June 2024</b>	<b>\$</b>	<b><u>232 535</u></b>
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**The accompanying notes are an integral part of these financial statements.**

## **NOTES TO THE FINANCIAL STATEMENTS**



**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024**

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**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Atlantic Beach, South Carolina (the "Town") was originally incorporated on May 7, 1966 to operate as an incorporated municipality under the laws of the State of South Carolina. The Town has four Town members along with the Mayor who serves as the presiding member. As authorized by its Code of Ordinances, the Town provides public safety (police), municipal court, licensing and regulation and general administrative services to its constituents. Trash collection, building and code enforcement services are contracted to outside companies. Water and sewer services are not owned, managed nor serviced by the Town.

**Reporting Entity:**

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

As required by GAAP, the financial statements must present the Town's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either 1) the Town is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town. At June 30, 2024, there were no such material component units of the Town.

**Basis of Presentation:**

The accounts of the Town are organized on the basis of governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-wide Statements:**

The statement of net position and the statement of activities display information about the Town. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not program revenues are presented as general revenues. The effect of interfund activity has been eliminated from the government-wide financial statements.

**Fund Financial Statements:**

The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and aggregated nonmajor funds, each displayed in a separate column. The Town presents all major funds.

The Town reports the following major governmental fund:

**General Fund.** The General Fund is the government's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. The Town is not required to present other funds.

**Government-wide Fund Financial Statements:**

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been 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 grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Financial Statements:**

Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary sources susceptible to accrual are investment income and grant revenue.

Expenditures are recorded when the related fund liability is incurred, except for 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. Payments of general long- term debt and acquisitions under leases are reported as other financing uses. Funds received but not yet earned are reflected as unearned revenues.

**Use of Resources:**

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Budget:**

Several months before the start of each fiscal year, departments and related agencies of the Town submit requests for appropriations to the Town Manager for processing in formulation of the Town's upcoming fiscal year budget. The budget is prepared by fund, function and activity, and includes information on the current year estimates and requested appropriations for the next fiscal year. A proposed budget is formulated and presented to Town Council for review and revision. The revised budget is submitted and exposed for debate during formal budget hearings open to the public. Changes to the budget resulting from these hearings must be within the revenues and reserves estimated as available by original availability estimates, or either the estimated revenues must be changed by an affirmative vote of majority of the Town Council. The budget for each upcoming fiscal year is usually adopted before the end of the prior fiscal year.

**Cash and Cash Equivalents:**

The Town considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash.

**Restricted cash:**

Restricted cash consists of funds that are legally restricted as to their use. As of year-end, the Town's restricted cash balance includes amounts seized by the Town's Police Department in connection with ongoing investigations and legal proceedings. These funds are held in accordance with applicable federal and state laws and are restricted for specific law enforcement purposes or pending final disposition by the courts.

**Accounts Receivable and Accounts Payable:**

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of fees, charges and services, including franchise fees, business licenses and other fees and charges.

Accounts payable are recorded when an obligation is incurred for goods or services received by the Town, regardless of when payment is due. Liabilities are recognized in the period in which the related expenditure or expense is incurred.

**Prepaid items:**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditures are reported in the year in which services are consumed.

**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Capital Assets:**

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date of donation. As allowed by GASB #34, the Town has elected to prospectively report public domain ("infrastructure") general capital assets. Therefore, infrastructure capital assets acquired prior to July 1, 2003 have not been recorded. 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. The Town maintains a minimum capitalization threshold of \$1,000 for all capital assets.

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

Buildings and improvements	25 – 50 years
Leasehold improvements	10 - 50 years
Machinery and equipment	3 – 20 years

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of deferred outflows of resources. The Town reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has one type of deferred inflows of resources: the Town reports deferred pension credits in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

**Compensated Absences:**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees terminating or retiring are paid for accumulated vacation leave based on their hourly rate of pay earned at the time of termination or retirement. Sick leave can only be paid for illness while employed with the Town. There is no liability for unpaid accumulated sick leave since the Town does not have a policy to pay any amounts when employees separate from service with the Town.

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences. The entire compensated absence liability and expense is reported in the government-wide financial statements. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year-end that are expected to be paid within a short time subsequent to year end (if material).

**Accrued liabilities and long-term obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In the government-wide financial statements, debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Compensated absences, net pension liability, and capital lease payable were the only long-term obligations at June 30, 2024.

In the fund financial statements, governmental fund types recognize the lawsuit settlement charges during the current period.

**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pensions:**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note 8 and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The Town recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Town's proportionate share thereof in the case of a cost-sharing multiple employer plan, measured as of the Town's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred.

Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**Leases:**

**Lessee**

The Town is a lessee for a noncancelable vehicle lease. The Town recognizes a lease liability and a right-to-use lease asset in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- 1) The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- 2) The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.
- 3) The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Non-exchange Transactions:**

The Town generally has two types of non-exchange transactions, government-mandated non-exchange transactions (which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose) and voluntary non-exchange transactions (which result from legislative or contractual agreements other than exchanges, entered into willingly by the parties to the agreement). The Town recognizes non-exchange transactions when they are both measurable and probable for collection. For government-mandated non-exchange transactions and voluntary non-exchange transactions, the Town recognized assets when all applicable eligibility requirements are met, or resources are received, whichever is first, and revenue when all applicable eligibility requirements are met.

**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance:**

The governmental fund financial statements present fund balances based on classifications that compose a hierarchy that is based primarily on the extent the Town is bound to honor constraints on a specific purpose for which amounts in the respective governmental funds can be spent. The following classifications are used in the governmental fund financial statements.

***Nonspendable Fund Balance.*** Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

***Restricted Fund Balance.*** Represents amounts that are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) are imposed by law through constitutional provisions or enabling legislation.

***Committed Fund Balance.*** Represents amounts that can only be used by for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

***Assigned Fund Balance.*** Amounts are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

***Unassigned Fund Balance.*** Represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the Town's general practice is to first reduce committed resources, followed by assigned resources, and then unassigned resources.

**Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the Statement of Net Position. Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Use of Estimates:**

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

**NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New GASB pronouncements**

**GASB Standards Issued**

**1. GASB Statement No. 100 – Accounting Changes and Error Corrections**

**Issued:** June 2022

**Summary:** GASB 100 establishes guidance on accounting for and reporting changes in accounting principles, accounting estimates, and error corrections. It replaces the guidance previously included in GASB 62 and introduces improvements to enhance clarity, consistency, and transparency in financial reporting.

**Effective Date:** Periods beginning after June 15, 2023.

**Impact:** This GASB statement is not expected to have a material impact on the financial statements.

**2. GASB Statement No. 101 – Compensated Absences**

**Issued:** October 2022

**Summary:** GASB 101 establishes updated guidance on recognizing and measuring compensated absences, which include paid leave benefits like vacation, sick leave, and sabbaticals. This statement replaces the previous standards under GASB 16 and aims to improve the clarity, consistency, and usefulness of information provided in financial statements.

**Effective Date:** Periods beginning after December 15, 2023 (earlier application encouraged).

**Impact:** This GASB statement is not expected to have a material impact on the financial statements.

**3. GASB Statement No. 102 – Certain Risk Disclosures**

**Issued:** December 2023

**Summary:** GASB 102 focuses on improving transparency regarding risks arising from concentrations or constraints that could substantially impact a government's financial health or its ability to provide services. These disclosures aim to inform stakeholders about specific vulnerabilities faced by governments, which may not have been routinely disclosed previously.

**Effective Date:** Periods beginning after June 15, 2024 (earlier application encouraged).

**Impact:** This GASB statement is not expected to have a material impact on the financial statements.

**4. GASB Statement No. 103 – Financial Reporting Model Improvements**

**Issued:** April 2024

**Summary:** GASB Statement No. 103 introduces significant updates to the financial reporting model for state and local governments. Its primary goal is to enhance the usefulness of financial reports by addressing identified application issues and refining the structure and content of key components such as Management's Discussion and Analysis (MD&A) and certain financial statement presentations.

**Effective Date:** Periods beginning after June 15, 2025 (earlier application encouraged).

**Impact:** This GASB statement is not expected to have a material impact on the financial statements.

**5. GASB Statement No. 104 – Disclosure of Certain Capital Assets**

**Issued:** September 2024

**Summary:** GASB Statement No. 104 introduces new disclosure requirements for specific categories of capital assets in governmental financial statements, aiming to enhance transparency and facilitate better decision-making.

**Effective Date:** Periods beginning after June 15, 2025 (earlier application encouraged).

**Impact:** This GASB statement is not expected to have a material impact on the financial statements.

**NOTE 2. COMPLIANCE AND ACCOUNTABILITY**

**Legal Compliance - Budgets**

Several months before the start of each fiscal year, departments and related agencies of the Town submit requests for appropriations to the Town administrator for processing in formulation of the Town's upcoming fiscal year budget. The budget is prepared by fund, function and activity, and includes information on the current year estimates and requested appropriations for the next fiscal year. A proposed budget is formulated and presented to Town Council for review and revision. The revised budget is submitted and exposed for debate during formal budget hearings open to the public. Changes to the budget resulting from these hearings must be within the revenues and reserves estimated as available by original availability estimates, or either the estimated revenues must be changed by an affirmative vote of the Town Council. The budget for each upcoming fiscal year is usually adopted before the end of the prior fiscal year.

	Budget		Actual	Variance with Final Budget
	Original	Final		
General Fund:				
Current:				
General government	667 283	667 283	918 340	(251 057)
Public works	37 380	37 380	46 325	(8 945)
Special event - Bike Fest	-	-	60 702	(60 702)
Capital outlay	-	-	67 948	(67 948)
ARPA Grant Fund:				
Transfers out	-	-	(141 672)	(141 672)

**NOTE 3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2024, consists of the following:

Bank balances and demand deposits	\$ 738 161
Cash on hand	600
<b>Total cash and cash equivalents</b>	<b><u>\$ 738 761</u></b>

Deposits with financial institutions include bank demand deposits.

**Credit risk:**

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the South Carolina Local Government Investment Pool ("LGIP"), obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The Town has no investment policy that would further restrict its choices.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the Town's cash equivalents and deposits may not be returned to the Town. At year-end, all of the Town's deposits were secured by depository insurance or collateralized as required by State statutes.

**NOTE 4. RECEIVABLES**

Receivables as at June 30, 2024 consisted of the following:

Property tax	\$ 7 886
Franchise fees	30 885
Hospitality tax	38 422
Business license	43 685
MASC brokers tax	14 382
Other	756
<b>Total</b>	<b><u>\$ 136 016</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets, not being depreciated				
Land	\$ 546 760	\$ -	\$ -	\$ 546 760
Construction in progress	17 922	34 957	-	52 879
Total capital assets, not being depreciated	<u>564 682</u>	<u>34 957</u>	<u>-</u>	<u>599 639</u>
Capital assets being depreciated				
Buildings and improvements	344 925	12 522	-	357 447
Leasehold improvements	28 181	-	-	28 181
Furniture and equipment	429 439	20 468	(12 500)	437 407
Total capital assets being depreciated	<u>802 545</u>	<u>32 990</u>	<u>(12 500)</u>	<u>823 035</u>
Less accumulated depreciation				
Buildings and improvements	(258 288)	(14 181)	-	(272 469)
Leasehold improvements	-	-	-	-
Furniture and equipment	(146 220)	(46 522)	12 500	(180 242)
Total accumulated depreciation	<u>(404 508)</u>	<u>(60 703)</u>	<u>12 500</u>	<u>(452 711)</u>
Total capital assets, being depreciated, net	<u>\$ 398 037</u>	<u>\$ (27 713)</u>	<u>\$ -</u>	<u>\$ 370 324</u>
Total capital assets, net	<u>\$ 962 719</u>	<u>\$ 7 244</u>	<u>\$ -</u>	<u>\$ 969 963</u>
Depreciation expense was charged to functions/programs of the primary government as follows:				
General Government	\$ 13 442			
Public safety	27 949			
Public works	19 312			
	<u>\$ 60 703</u>			

### NOTE 6. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Compensated absences*	\$ 28 281	\$ 4 163	\$ -	\$ 32 444	\$ 32 444
Lease liabilities	18 623	-	(7 853)	10 770	10 770
Net pension liability	750 863	-	(150 864)	599 999	-
	<u>\$ 797 767</u>	<u>\$ 4 163</u>	<u>\$ (158 717)</u>	<u>\$ 643 213</u>	<u>\$ 43 214</u>

\*The addition noted for the compensated absences reflects the net change for the period.

For the governmental activities, compensated absences and the net pension liability are liquidated by the General Fund.

#### Lease Payable

The Town has entered into an agreement to lease certain vehicles. The lease agreement qualifies as other than a short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception.

The future minimum lease obligation and the net present value of the minimum lease payment as of June 30, 2024 are as follows:

	Principal	Interest	Total
Year ending June 30, 2025	<u>\$ 10 770</u>	<u>\$ 2 119</u>	<u>\$ 12 889</u>



**NOTE 7. SETTLEMENT PAYABLE**

The Town of Atlantic Beach, South Carolina is party to a consent order agreement for settlement terms relating to three lawsuits: Montgomery v. Town of Atlantic Beach, 2008-CP-26-2109, for the sum of \$105,794; Tyson Beach Group, LLC v. Town of Atlantic Beach, 2010-CP-26-11971R, for the sum of \$266,839; and Carolyn Cole and Windy Price v. Town of Atlantic Beach, 2009-CP-26-11524, for \$15,694. The agreement called for forty-eight consecutive payments of \$8,090. Payments were to begin on November 15, 2012 and were to be paid to the trust account of the law firm of Thomas & Brittain, P.A. Payments were to be applied pro-rata to each matter and specifically 28.39% to the matter of Carolyn Montgomery v. Town of Atlantic Beach, 2010-CP-26-2109, and 71.61% shall be applied to the matter of Tyson Beach Group, LLC v. Town of Atlantic Beach, 2010-CP-26-11971R. Thomas & Brittain were entitled to retain one-third of all sums paid into its trust account until all outstanding attorney's fees in these matters between Thomas & Brittain and the plaintiffs are paid in full. The agreement further states that the Town shall expressly provide for the payment of these sums in its annual budgets for fiscal years ending 2014 to 2018.

On May 19, 2016, Tyson Beach Group, LLC filed a lawsuit (2016-CP-26-03389) against the Town, Mayor, Council and Town Manager seeking to \$194,164 and an order directing Horry County to transfer certain tax receipts to the plaintiff. The majority of the \$194,164 has been recorded in the liabilities less interest and fees. The outcome of the lawsuit is unknown, as a result, the interest and fees have not been accrued at June 30, 2024. Subsequent to year end, the Town entered into a settlement agreement for \$85,000, which has been recorded as a settlement payable in the Statement of Net Position.

The Town of Atlantic Beach, South Carolina is party to an Order For Judgement settlement relating to a lawsuit: Randy Rizzo v. Town of Atlantic Beach, 2010-CP-26-7695, for the sum of \$127,804. The Town does not have a repayment agreement and has not made any payments towards the settlement obligation. The case is back in court as the Town hopes to reduce the monthly payment because the current requirement is more than the Town can manage.

**NOTE 8. EMPLOYEE RETIREMENT PLAN**

**South Carolina Retirement System:**

**Plan Description:**

The Town participates in retirement plans under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the Town's full-time employees. The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The ACFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the ACFR of the state.

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions.

**Membership:**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**South Carolina Retirement System:**

**Benefits:**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**Contributions:**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute.

However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2024, the Town contributed \$49,569 to the SCRS plan.

**South Carolina Retirement System:**

Required employee contribution rates for fiscal year 2023 - 2024 are as follows:

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

Required employer contribution rates for fiscal year 2023 - 2024 are as follows:

Employee Class Two	18.41% of earnable compensation
Employee Class Three	18.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions:**

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024:

	SRCS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation	2.25%	2.25%
Investment rate of return	7.00 %, including inflation	7.00 %, including inflation
Projected salary increases	3.00 % to 11.00 %	3.50 % to 10.50 %
Benefits adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of the scale NMP projected from the year 2020. Assumptions used in the determination of the June 30, 2023, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

**South Carolina Retirement System:**

**Net Pension Liability:**

The Town's proportionate share of the net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. The Town's proportionate share of NPL totals, as of June 30, 2024, for SCRS are presented below:

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SRCS	\$ 761 854	\$ 446 759	\$ 315 095	58.60%
PORS	884 435	599 531	284 904	67.80%

The pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2024, the Town reported a liability of \$315,095 and \$284,904 for its proportionate share of the net pension liability for SCRS and PORS, respectively. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 (the measurement date), the Town's proportion was 0.00130% and 0.00936% for SCRS and PORS, respectively, which was a decrease of 0.00042% and 0.00178% from its proportion measured as of June 30, 2023 (the measurement date).

For the year ended June 30, 2024, the Town recognized pension expense of \$53,626 and \$31,020 for SCRS and PORS, respectively.

**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Long-term Expected Rate of Return:**

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page.

For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
		Total expected real return	5.31%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.56%

**South Carolina Retirement System:**

**Discount Rate:**

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of 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 Analysis:**

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1- percentage-point higher (8 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 407 051	\$ 315 095	\$ 238 549
PORS	401 890	284 904	189 065

**NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>SCRS</b>		
Differences between expected and actual experience	\$ 5 471	\$ 874
Changes in assumptions	4 828	-
Net difference between projected and actual earnings on pension plan investments	-	431
Changes in proportions and differences between Town contributions and proportionate share of contributions	-	-
	3 227	79 913
Direct contributions subsequent to the measurement date	49 569	-
<b>Totals</b>	<u>\$ 63 095</u>	<u>\$ 81 218</u>
<b>PORS</b>		
Differences between expected and actual experience	\$ 13 408	\$ 3 512
Changes in assumptions	6 201	-
Net difference between projected and actual earnings on pension plan investments	-	489
Changes in proportions and differences between Town contributions and proportionate share of contributions	11 697	44 976
Direct contributions subsequent to the measurement date	49 186	-
<b>Totals</b>	<u>\$ 80 492</u>	<u>\$ 48 977</u>

The contributions of \$49,569 and \$49,186 for SCRS and PORS, respectively, reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	SCRS	PORS	Total
2024	\$ (22 618)	\$ 1 009	\$ (21 609)
2025	(36 283)	(21 615)	(57 898)
2026	(8 607)	3 233	(5 374)
2027	(184)	(298)	(482)
	<u>\$ (67 692)</u>	<u>\$ (17 671)</u>	<u>\$ (85 363)</u>

**Pension Plan Fiduciary Net Position:**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2023, (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2024.

**NOTE 9. FUND BALANCE RESERVATIONS AND DESIGNATIONS**

Reservations of net position/fund equity are created to either satisfy legal covenants that require a portion of the fund balance to be segregated or identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of the fund balance accounts are summarized as follow:

**Nonspendable for prepaid items.** An account used to segregate a portion of fund balance to indicate prepaid items are "not in spendable form" even though it is a component of current assets.

**Restricted.** An account used to segregate a portion of fund balance restricted for the net investment in capital assets.

**Unassigned.** This represents and includes all spendable amounts of the General Fund not contained in the other classifications.

**NOTE 9. FUND BALANCE RESERVATIONS AND DESIGNATIONS (CONTINUED)**

The following is a summary of the fund balances for the governmental funds at June 30, 2024:

Nonspendable:

Prepaid items - This is prepaid insurance in the General Fund	\$ 31 823
Restricted for Police seized funds - General Fund	1 321
Unassigned:	
This is the amount assigned in the General Fund	669 270
Total fund balance	<u>\$ 702 414</u>

**NOTE 10. RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts, thefts, damage and destruction of assets, errors and omissions, injuries to employees, and natural disaster. The Town manages risk through employee awareness efforts and through the purchase of casualty and liability insurance. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims the Town considers all events that might give rise to possible claims both reported and unreported.

As mentioned in Note 7, the Town is party to a consent order agreement for long-term settlement terms relating to three lawsuits. The Town has recorded this settlement as a long-term liability.

The Town is a defendant in various other lawsuits that have arisen in the normal course of operations. The Town does not believe that settlement, if any, of these lawsuits will have a material effect on its financial condition. Furthermore, the Town may participate in various federal or state grant/loan programs from year to year, as they become available. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**NOTE 11. CONCENTRATION RISK**

A significant portion of the Town's revenue has historically been derived from one customer. For the year ended June 30, 2024 the largest customer accounted for 23.8 percent of the Town's total revenue.

**NOTE 12. SUBSEQUENT EVENTS**

The Town has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2024 through May 8, 2025, which is the date that these financial statements were available to be issued and had nothing to report.

**NOTE 13. PRIOR PERIOD ERROR CORRECTION**

**Prior period error correction**

The Town recognized the full amount of ARPA funds received as revenue in the prior period. As the funds were not spent by the end of the previous period, the ARPA revenues were not earned and should be disclosed as a liability, namely, unearned revenues. The result was the revenues were overstated with \$223,062 and the unearned revenues were understated with the same amount. In addition, the ARPA funds were not presented separately from the General Fund activity.

The impact of the error correction is as follows:

	General Fund
<b>Fund balances, at June 30, 2023, as previously stated</b>	\$ 973 674
Prior period error correction	(223 062)
<b>Fund balances, at June 30, 2023, restated</b>	<u>\$ 750 612</u>
	ARPA Grant
<b>Unearned revenues, at June 30, 2023, as previously stated</b>	\$ -
Prior period error correction	223 062
<b>Unearned revenues, at June 30, 2023, restated</b>	<u>\$ 223 062</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

<b><u>SOUTH CAROLINA RETIREMENT SYSTEM</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Town's proportion share of the net pension liability	0.001303%	0.001719%	0.001804%	0.001750%	0.000840%
Town's proportionate share of the net pension liability	\$ 315 095	\$ 416 663	\$ 390 462	\$ 445 843	\$ 190 958
Town's covered payroll	\$ 135 897	\$ 223 622	\$ 204 663	\$ 203 954	\$ 194 663
Town's proportionate share of the net pension liability as a percentage of its covered payroll	231.86%	186.30%	190.80%	218.60%	98.10%
Plan fiduciary as a percentage of the total pension liability	58.60%	57.10%	60.80%	50.70%	54.40%
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Town's proportion share of the net pension liability	0.000460%	0.000490%	0.000910%	0.000470%	0.000470%
Town's proportionate share of the net pension liability	\$ 102 782	\$ 110 307	\$ 194 161	\$ 88 758	\$ 88 758
Town's covered payroll	\$ 88 309	\$ 47 534	\$ 49 482	\$ 87 983	\$ 43 888
Town's proportionate share of the net pension liability as a percentage of its covered payroll	116.40%	232.10%	392.40%	100.90%	202.20%
Plan fiduciary as a percentage of the total pension liability	54.10%	53.30%	52.91%	56.99%	59.92%

The Town implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014.

**See notes to the required supplementary information.**



**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S CONTRIBUTIONS - PENSION  
SOUTH CAROLINA RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

<b><u>SOUTH CAROLINA RETIREMENT SYSTEM</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Contractually required contribution	\$ 49 569	\$ 39 268	\$ 33 892	\$ 31 735	\$ 30 290
Contributions in relation to the contractually required contribution	\$ (49 569)	\$ (39 268)	\$ (33 892)	\$ (31 735)	\$ (30 290)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 135 897	\$ 223 622	\$ 204 663	\$ 203 954	\$ 194 663
Contributions as a percentage of covered payroll	36.48%	17.56%	16.56%	15.56%	15.56%
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 12 858	\$ 6 446	\$ 5 720	\$ 9 731	\$ 4 784
Contributions in relation to the contractually required	\$ (12 858)	\$ (6 446)	\$ (5 720)	\$ (9 731)	\$ (4 784)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 88 309	\$ 47 534	\$ 49 482	\$ 87 983	\$ 43 888
Contributions as a percentage of covered payroll	14.56%	13.56%	11.56%	11.06%	10.90%

The Town implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014.

**See notes to the required supplementary information.**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICER'S RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

<b><u>POLICE OFFICER'S RETIREMENT SYSTEM</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Town's proportion share of the net pension liability	0.009359%	0.011140%	0.011670%	0.010260%	0.009690%
Town's proportionate share of the net pension liability	\$ 284 904	\$ 334 200	\$ 300 129	\$ 340 203	\$ 277 749
Town's covered payroll	\$ 141 673	\$ 220 286	\$ 176 361	\$ 175 404	\$ 154 974
Town's proportionate share of the net pension liability as a percentage of its covered payroll	201.10%	151.71%	170.18%	193.95%	179.22%
Plan fiduciary as a percentage of the total pension liability	67.80%	66.70%	70.40%	58.80%	62.70%
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Town's proportion share of the net pension liability	0.008470%	0.010200%	0.007840%	0.003370%	0.003370%
Town's proportionate share of the net pension liability	\$ 240 060	\$ 279 435	\$ 198 885	\$ 73 362	\$ 73 362
Town's covered payroll	\$ 140 569	\$ 117 266	\$ 137 358	\$ 99 957	\$ 41 695
Town's proportionate share of the net pension liability as a percentage of its covered payroll	170.78%	238.29%	144.79%	73.39%	175.95%
Plan fiduciary as a percentage of the total pension liability	61.70%	60.90%	60.40%	64.60%	67.60%

The Town implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014.

**See notes to the required supplementary information.**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S CONTRIBUTIONS - PENSION  
POLICE OFFICER'S RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

<b><u>POLICE OFFICER'S RETIREMENT SYSTEM</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Contractually required contribution	\$ 49 186	\$ 44 586	\$ 33 932	\$ 31 994	\$ 28 267
Contributions in relation to the contractually required contribution	\$ (49 186)	\$ (44 586)	\$ (33 932)	\$ (31 994)	\$ (28 267)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 141 673	\$ 220 286	\$ 176 361	\$ 175 404	\$ 154 974
Contributions as a percentage of covered payroll	34.72%	20.24%	19.24%	18.24%	18.24%
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 24 234	\$ 19 044	\$ 19 560	\$ 13 734	\$ 5 592
Contributions in relation to the contractually required	\$ (24 234)	\$ (19 044)	\$ (19 560)	\$ (13 734)	\$ (5 592)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 140 569	\$ 117 266	\$ 137 358	\$ 99 957	\$ 41 695
Contributions as a percentage of covered payroll	17.24%	16.24%	14.24%	13.74%	13.41%

The Town implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014.

**See notes to the required supplementary information.**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 316 500	\$ 316 500	\$ 326 747	\$ 10 247
Licenses and permits	528 450	528 450	574 398	45 948
Franchise fees	69 000	69 000	86 586	17 586
Intergovernmental	72 089	72 089	58 947	(13 142)
Special tax	147 656	147 656	142 697	(4 959)
Court fines, fees and assessments	21 000	21 000	3 306	(17 694)
Grants and other donations	-	-	12 119	12 119
Charges for services	24 150	24 150	39 875	15 725
Other income	50	50	16 175	16 125
Interest income	2 000	2 000	140	(1 860)
Bike Fest	-	-	76 366	76 366
<b>Total revenues</b>	<u>1 180 895</u>	<u>1 180 895</u>	<u>1 337 356</u>	<u>156 461</u>
<b>Expenditures</b>				
Current:				
General government	667 283	667 283	918 340	(251 057)
Public safety	507 805	507 805	444 502	63 303
Public works	37 380	37 380	46 325	(8 945)
Special event - Bike Fest	-	-	60 702	(60 702)
Capital outlay	-	-	67 948	(67 948)
Debt service:				
Principal repayments	-	-	7 853	(7 853)
Interest and fiscal charges	-	-	5 036	(5 036)
<b>Total expenditures</b>	<u>1 212 468</u>	<u>1 212 468</u>	<u>1 550 706</u>	<u>(338 238)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(31 573)	(31 573)	(213 350)	(181 777)
<b>Other Financing (Uses)</b>				
Insurance reimbursements	-	-	20 980	20 980
Proceeds on disposal of assets	-	-	2 500	2 500
Transfers in	-	-	141 672	141 672
<b>Total other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>165 152</u>	<u>165 152</u>
<b>Net change in fund balance</b>	<u>\$ (31 573)</u>	<u>\$ (31 573)</u>	<u>(48 198)</u>	<u>\$ (16 625)</u>
<b>Fund balances, as at June 30, 2023, as previously stated</b>			<u>973 674</u>	
Error correction (Note 13)			(223 062)	
<b>Fund balances, as at June 30, 2023, as restated</b>			<u>750 612</u>	
<b>Fund balances, end of year</b>			<u>\$ 702 414</u>	

See notes to the required supplementary information.

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - ARPA GRANT FUND FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 140 136	\$ 140 136
Interest income	-	-	1 536	1 536
<b>Total revenues</b>	-	-	141 672	141 672
<b>Other Financing (Uses)</b>				
Transfers out	-	-	(141 672)	(141 672)
<b>Total other financing (uses)</b>	-	-	(141 672)	(141 672)
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
<b>Fund balance at end of year</b>			<u>\$ -</u>	

See notes to the required supplementary information.

## **SUPPLEMENTARY INFORMATION**

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (PER ACT 96)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**FOR THE STATE TREASURER'S OFFICE:**

**MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT**

**Court fines and assessments**

	General Sessions	Magistrate Court	Municipal Court	Total
Court fines and assessments collected	\$ -	\$ -	\$ 19 969	\$ 19 969
Court fines and assessments remitted to State Treasurer	-	-	(5 473)	(5 473)
<b>Total court fines and assessments retained</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14 496</b>	<b>\$ 14 496</b>

**Surcharges and assessments retained for victim services:**

Assessments and surcharges retained and collected	\$ -	\$ 765	\$ -	\$ 765
<b>Total surcharges and assessments retained for victim services:</b>	<b>\$ -</b>	<b>\$ 765</b>	<b>\$ -</b>	<b>\$ 765</b>

**VICTIM SERVICE FUNDS COLLECTED**

		Municipal	County	Total
Carry forward from previous year - Beginning Balance	\$ -	\$ -	\$ -	\$ -
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	-	765	-	765
<b><u>Expenditures for Victim Service Program:</u></b>				
Salaries and benefits	-	-	-	-
Operating expenditures	-	-	-	-
<b>Victim Service Contract(s):</b>				
(1) Horry County	-	765	-	765
<b>Victim Service Donation(s):</b>				
(1) Domestic Violence Shelter	-	-	-	-
(2) Rape Crisis Center	-	-	-	-
(3) Other local direct crime victims service agency:	-	-	-	-
Transferred to General Fund	-	-	-	-
<b>Total expenditures from Victim Service Fund/Program (B)</b>	<b>\$ -</b>	<b>\$ 765</b>	<b>\$ -</b>	<b>\$ 765</b>
Total Victim Service Funds Retained by Municipal County Treasurer (A-B)	\$ -	\$ -	\$ -	\$ -
Less: Prior Year Fund Deficit Repayment	-	-	-	-
<b>Carry forward Funds - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN THE FUND BALANCE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
<b>Revenues</b>		
Property taxes	\$ 326 747	\$ 283 586
Licenses and permits	574 398	617 213
Franchise fees	86 586	71 272
Intergovernmental	58 947	59 630
Special tax	142 697	143 355
Court fines, fees and assessments	3 306	10 030
Grants and other donations	12 119	375 368
Charges for services	39 875	39 310
Other income	16 175	36 111
Interest income	140	1 617
Bike Fest	76 366	57 273
<b>Total revenues</b>	<u>1 337 356</u>	<u>1 694 764</u>
<b>Expenditures</b>		
Current:		
Personnel services and benefits	699 992	611 838
General supplies	41 140	34 696
Travel, training and meetings	22 480	19 197
Dues and subscriptions	900	1 093
Insurance	63 080	37 393
Utilities	36 381	40 041
Sanitation	42 210	35 520
Communication fees	32 261	27 223
Repairs and maintenance	57 653	60 715
Advertising and promotion	6 760	3 388
Professional services	174 276	191 815
Legal and accounting fees	205 779	58 927
Rent charges	3 082	3 109
Small tools	15 127	5 896
Miscellaneous	8 046	10 090
Special event - Bike Fest	60 702	83 695
Capital outlay	67 948	290 234
Debt service:		
Principal repayments	7 853	11 813
Interest and fiscal charges	5 036	1 076
<b>Total expenditures</b>	<u>1 550 706</u>	<u>1 527 756</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(213 350)	167 008
<b>Other Financing (Uses)</b>		
Insurance reimbursements	20 980	-
Proceeds on disposal of assets	2 500	5 275
Transfers in	141 672	-
<b>Total other financing (uses)</b>	<u>165 152</u>	<u>5 275</u>
<b>Net change in fund balance</b>	(48 198)	172 283
Fund balances, as at June 30, 2023, as previously stated	973 674	801 391
Error Correction (Note 13)	(223 062)	-
Fund balances, as at June 30, 2023, as restated	<u>750 612</u>	<u>801 391</u>
<b>Fund balance at end of year</b>	<u>\$ 702 414</u>	<u>\$ 973 674</u>



## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Town of Atlantic Beach, South Carolina's (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated May 30, 2025.

***Report on Internal Control over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies, which have been listed below.

We consider 2024-1 to 2024-3 to be significant deficiencies.

**2024-1 Reconciliation of account balances (repeat comment):** Various audit adjustments were required to correct account balances due to misclassifications in the original posting, reversal of prior year entries and missing current year accruals. The Town's controls should include periodic reconciliations at fiscal year end to ensure all amounts have been appropriately recorded and budgeted for.

**2024-2 Inadequate tracking of grant expenditures:** During our audit, we observed that the Town did not maintain adequate records to properly track expenditures associated with certain grant-funded programs. There was no comprehensive reconciliation between grant expenditures and amounts requested for reimbursement or reported to the granting agencies.

**2024-3 Lack of departmental allocation for expenses:** It was noted that the Town does not consistently allocate expenses between the appropriate departments (general government, public safety and public works) within its accounting system. Certain expenditures, such as salaries, utilities, supplies, and contracted services, were recorded in a single account, even though they benefited multiple departments.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and have been listed below.

**2024-4 Budget amendments and monitoring:** State law requires annual budgets to be balanced by fund and expenditures should be within the approved budget amount the legal level of budgetary control. During the audit it was identified that there are instances where the expenditures exceeded appropriations for the General Fund as disclosed in Note 2 to the financial statements.

**2024-5 Noncompliance with purchasing policy procedures:** During the review of the Town's procurement transactions, it was noted that there are instances where the Town did not adhere to the procedures outlined in its adopted purchasing policy. Specifically, purchases exceeding the threshold requiring competitive bids were made without documented evidence of bid solicitation or evaluation, as required by the Town's policy.

### **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.

*CKH CPAs and Advisors, LLC*

CKH CPA's and Advisors, LLC  
Atlanta, Georgia  
May 30, 2025



**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
TOWN'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

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**2024-1 Reconciliation of account balances**

Criteria:	Financial statements are required to accurately reflect all assets, liabilities, and other balance sheet accounts as of the reporting date. To meet this requirement, local governments should perform year-end accrual adjustments and prepare supporting schedules that document the composition and reconciliation of all material balance sheet items. These schedules support the reliability of the financial statements and facilitate both internal and external reviews.
Condition:	During our audit, we noted that the Town did not prepare year-end accrual adjustments or compile complete supporting schedules for several significant balance sheet accounts, including depreciation schedules, accounts payable, receivables, accrued liabilities, and deferred inflows/outflows of resources. The absence of these adjustments and schedules resulted in delays in the financial reporting process and increased the risk of misstatements.
Cause:	The Town has not established formal procedures requiring the preparation of accrual adjustments and supporting schedules as part of its year-end closing process, which contributed to the incomplete and delayed preparation of these records.
Effect:	Failure to prepare accrual adjustments and supporting schedules increases the risk of misstated financial statements and delays in the audit and reporting process. It also limits management's ability to effectively monitor and make informed decisions based on accurate financial data.
Recommendation:	We recommend that the Town implement a formal year-end closing process that includes the preparation of accrual entries and detailed supporting schedules for all significant balance sheet accounts. These schedules should be reviewed by management prior to finalizing the financial statements. Staff should also receive training on year-end closing procedures to ensure proper application of accounting standards and accurate financial reporting.
Town's Response:	Town will implement year-end closing procedures to all significant balance sheet accounts. Management will review prior to finalizing financial statements. Training will be provided as needed to assure proper application of year-end closings procedures.

**2024-2 Inadequate tracking of grant expenditures**

Criteria:	The Town is responsible for ensuring that grant funds are used in accordance with the terms and conditions of each grant agreement, as well as with federal, state, and local laws. Accurate tracking of grant expenditures is critical to demonstrate compliance with grant requirements, ensure proper financial reporting, and safeguard public funds.
Condition:	During our audit, we observed that the Town did not properly track expenditures associated with the ARPA Grant funding. There was no comprehensive reconciliation between grant expenditures and amounts requested for reimbursement or reported to the granting agencies.
Cause:	The condition appears to have resulted from a lack of formal procedures for grant accounting and monitoring, as well as insufficient oversight to ensure that expenditures are reconciled throughout the grant lifecycle.
Effect:	Failure to properly track and document grant expenditures increases the risk of noncompliance with grant agreements and regulatory requirements, may lead to questioned costs or disallowed expenditures, and could result in the loss of current or future grant funding opportunities.
Recommendation:	We recommend that the Town implement formal grant management procedures to ensure that grant expenditures are tracked separately from other funds, are fully documented, and are regularly reconciled to both the general ledger and reimbursement requests. Staff involved in grant administration should receive appropriate training on grant compliance requirements, and management should establish a review process to monitor grant activity and maintain accurate records.
Town's Response:	We agree with this finding, we will ensure that expenditures are more closely tracked and reconciled going forward.

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
TOWN'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

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**2024-3 Lack of departmental allocation for expenses**

Criteria:	Proper allocation of shared expenses is an essential component of accurate financial reporting and budgetary control. Expenses should be recorded in the department or function that directly benefits from the expenditure to ensure reliable financial statements and meaningful performance evaluations. Failure to allocate costs accurately may result in misstatements in departmental budgets and financial reports, which can affect management decisions and transparency to governing bodies and the public.
Condition:	During our audit, we noted that the Town does not consistently allocate shared expenses between the appropriate departments within its accounting system. Certain expenditures, such as salaries, utilities, supplies, and contracted services, were recorded in a single department or account, even though they benefited multiple departments.
Cause:	The Town has not established formal procedures for identifying and allocating shared expenses among departments at the time of recording transactions, and there is limited oversight to ensure accurate allocation within the accounting software.
Effect:	Inconsistent allocation of shared expenses may result in distorted departmental financial results, misinformed budget decisions, and reduced accountability over the use of Town resources. This could also affect the accuracy of reports submitted to external parties or used for management purposes.
Recommendation:	We recommend the Town implement procedures to identify and allocate shared expenses appropriately at the time of recording. The Town should also utilize the capabilities of its accounting software to split costs across departments based on a reasonable and consistent allocation method. Staff should be trained on these procedures, and management should review allocations periodically to ensure they are accurate and applied consistently.
Town's Response:	We agree with this finding that quickbooks be used more robustly to ensure that the costs are allocated.

**2024-4 Budget Amendments and monitoring**

Criteria:	South Carolina law, specifically Section 11-1-110 of the South Carolina Code of Laws, and good fiscal management practices require that expenditures be properly controlled and monitored to ensure they do not exceed appropriated amounts without formal approval.
Condition:	It was noted that the Town incurred expenditures in certain funds and departments that exceeded the amounts authorized in the approved budget for the fiscal year. These overages were not addressed through timely budget amendments or council-approved adjustments.
Cause:	The budget overages appear to have resulted from insufficient budget monitoring during the fiscal year and a lack of timely adjustments to address changing expenditure needs.
Effect:	Expenditures exceeding budgeted amounts may result in noncompliance with state law and local policy, reduce fiscal transparency, and limit the Town's ability to demonstrate sound financial stewardship to taxpayers and oversight bodies.
Recommendation:	We recommend that the Town strengthen its budget monitoring procedures to ensure that expenditures remain within approved budget limits. Management should conduct regular budget-to-actual reviews and present budget amendments to the governing body for approval when necessary to address anticipated or actual overages. Improved planning and timely adjustments will help the Town maintain compliance and improve financial accountability.
Town's Response:	We will ensure that the council adopts a revised budget when additional revenues allow additional expenditures during the budget year.

**TOWN OF ATLANTIC BEACH, SOUTH CAROLINA  
TOWN'S RESPONSE TO FINDINGS AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

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**2024-5    Noncompliance with purchasing policy documents**

Criteria:	The Town has established a purchasing policy designed to ensure fair competition, prudent use of public funds, and compliance with applicable laws. Under this policy, purchases exceeding specified dollar thresholds must follow competitive procurement procedures, including obtaining quotes or formal bids, maintaining supporting documentation, and securing appropriate approvals.
Condition:	During our review of the Town's procurement transactions, we noted instances where the Town did not adhere to the procedures outlined in its adopted purchasing policy. Specifically, purchases exceeding the threshold requiring competitive bids were made without documented evidence of bid solicitation or evaluation, as required by the Town's policy.
Cause:	The noncompliance appears to have resulted from inconsistent enforcement of the Town's purchasing policy and lack of sufficient internal oversight to ensure proper procurement documentation was obtained and retained. In addition, the policy has not been updated in recent years, resulting in a very low threshold for bid requirements, which are not always considered to be reasonable in certain circumstances.
Effect:	Failure to follow established procurement procedures increases the risk of noncompliance with applicable laws and policies, inefficient use of public resources, and reduced transparency in Town purchasing practices.
Recommendation:	We recommend that the Town updates its purchasing policy with the approval of Council and establishes a reasonable threshold for requiring formal bids or quotations. Staff should be retrained on the requirements of the policy, and management should implement periodic monitoring to ensure compliance.
Town's Response:	We agree with this finding, we will review and revise the existing purchasing policy.