

# **Town of Atlantic Beach, North Carolina**

## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended June 30, 2013**

**Prepared by:**

**Williams · Scarborough · Smith · Gray, LLP**

**This Page Intentionally Left Blank.**

**Town of Atlantic Beach, North Carolina**  
**Table of Contents**  
**June 30, 2013**

<u><b>Exhibit</b></u>		<u><b>Page</b></u>
	<b>Introductory Section</b>	
	Letter of Transmittal	iii-vi
	List of Principal Officers	vii
	Town Organizational Chart	viii
	Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association	ix
	<b>Financial Section:</b>	
	<b>Independent Auditor's Report</b>	3
	<b>Management's Discussion and Analysis</b>	6
	<b>Basic Financial Statements:</b>	
	Government-wide Financial Statements:	
1	Statement of Net Position	17
2	Statement of Activities	18
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	20
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	21
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	24
6	Statement of Fund Net Position - Proprietary Fund - Public Utilities Fund	25
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund - Public Utilities Fund	26
8	Statement of Cash Flows - Proprietary Fund - Public Utilities Fund	27

<u>Exhibit</u>		<u>Page</u>
	<b>Notes to the Financial Statements</b>	31
	<b>Required Supplemental Financial Data:</b>	
A-1	Law Enforcement Officers' Special Separation Allowance - Schedule of Funding in Progress	53
A-2	Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	54
A-3	Other Postemployment Benefits - Schedule of Funding Progress	55
A-4	Other Postemployment Benefits - Schedule of Employer Contributions	56
	<b>Individual Fund Statements and Schedules:</b>	
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	59
C-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	71
D-1	Schedule of Revenues and Expenditures - Budget and Actual, Non-GAAP - Public Utilities Fund	75
	<b>Other Schedules:</b>	
E-1	Schedule of Ad Valorem Taxes Receivable	81
E-2	Analysis of Current Tax Levy - Town Wide Levy	82
	<b>Statistical Section (unaudited):</b>	
1	Net Position by Activity Governmental and Business Type Functions	86
2	Change in Net Position - Governmental Activities	87
2.1	Change in Net Position - Business Type Activities	88
2.2	Change in Net Position - Total Primary Government	89
3	Fund Balances of Government Funds	90

<b><u>Table No.</u></b>		<b><u>Page</u></b>
4	Changes in Fund Balances of Government Funds	91
5	Assessed and Estimated Actual Value of Taxable Property	92
6	Direct and Overlapping Property Tax Rates	93
7	Principal Property Tax Payers	94
8	Property Tax Levies - Collections and Credits	95
9	Computation of Legal Debt Margin	96
10	Computation of Direct and Overlapping Debt	97
11	Ratios of General Bonded Debt Outstanding	98
12	Ratios of Outstanding Debt by Type	99
13	Demographic and Economic Information	100
14	Principal Employers	101
15	Full-Time Equivalent Town Government Employees by Function/Program	102
16	Operating Indicators by Function/Program	103
17	Capital Asset Statistics by Function/Program	104
<b>Compliance Section</b>		
	Report on Internal Control Over Financial Reporting and on Compliance an Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	107
	Schedule of Findings and Responses	109

## **Introductory Section**

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



**This Page Intentionally Left Blank**

P. O. Box 10  
125 West Fort Macon Road  
Atlantic Beach, NC 28512



**OFFICE OF THE TOWN MANAGER**  
Phone: (252) 726-2121  
Fax: (252) 726-5115  
E-mail: [townmanager@atlanticbeach-nc.com](mailto:townmanager@atlanticbeach-nc.com)

October 25, 2013

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

The Comprehensive Annual Financial Report (CAFR) for the Town of Atlantic Beach, North Carolina, for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures within this report rests with the management of the **Town of Atlantic Beach**. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of **Thompson, Price, Scott, Adams & Co., P.A.** and their unqualified opinion is included in the financial section of the Comprehensive Annual Financial Report.

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

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

Immediately following the Independent Auditor's report is Management's Discussion and Analysis (MD&A), which provides a narrative overview of the Town's financial performance for fiscal year ended June 30, 2013. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **Profile of the Town of Atlantic Beach**

The Town of Atlantic Beach was incorporated on March 17, 1937. The Town of Atlantic Beach currently has a population of 1,504 and encompasses 2.3 square miles. Atlantic Beach is located on a barrier island in Carteret County on the eastern end of Bogue Banks. The Atlantic Ocean is to the south while the Bogue Sound lies to the north of the island. Atlantic Beach prides itself on being a seasonal residential resort community. Atlantic Beach is a thriving coastal community that is a major tourist destination along the coast of North Carolina. The Town of Atlantic Beach has a strong commitment to preserving its environment and protecting the ocean dunes and maritime forest. The Town's developmental priorities and goals of environmental and resource protection clearly states its strong desire to encourage and promote tourism.



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

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

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

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

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

**Fire** – The department objective is to continue to maintain the Town's fire department as a professional responding department through proper training requirements, certifications, and the retention of quality professionals. Each shift is now composed of three paramedics and one licensed EMT. The fire department maintains an ISO rating of four (4) for homeowners insurance.

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

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

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

**Internal Controls.** The management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the separation of financial statements in

conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

## **Town of Atlantic Beach Economic Condition**

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

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

The Town has completed the planning phase of the stormwater and wastewater management project. Connected to this project and in anticipation of the need for significant land acreage to support the stormwater and wastewater infrastructure, the Town acquired a large parcel of land within the Town limits in fiscal year 2006-07. Said property is also being evaluated as a prime location for Town facilities and a recreational center.

The Town also provided assistance with numerous community projects, including the Atlantic Beach King Mackerel Tournament and National Night Out.

## **Awards and Acknowledgements**

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Atlantic Beach for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

David R. Walker

David R. Walker,  
Town Manager

**Town of Atlantic Beach, North Carolina**  
**List of Principal Officials**  
**June 30, 2013**

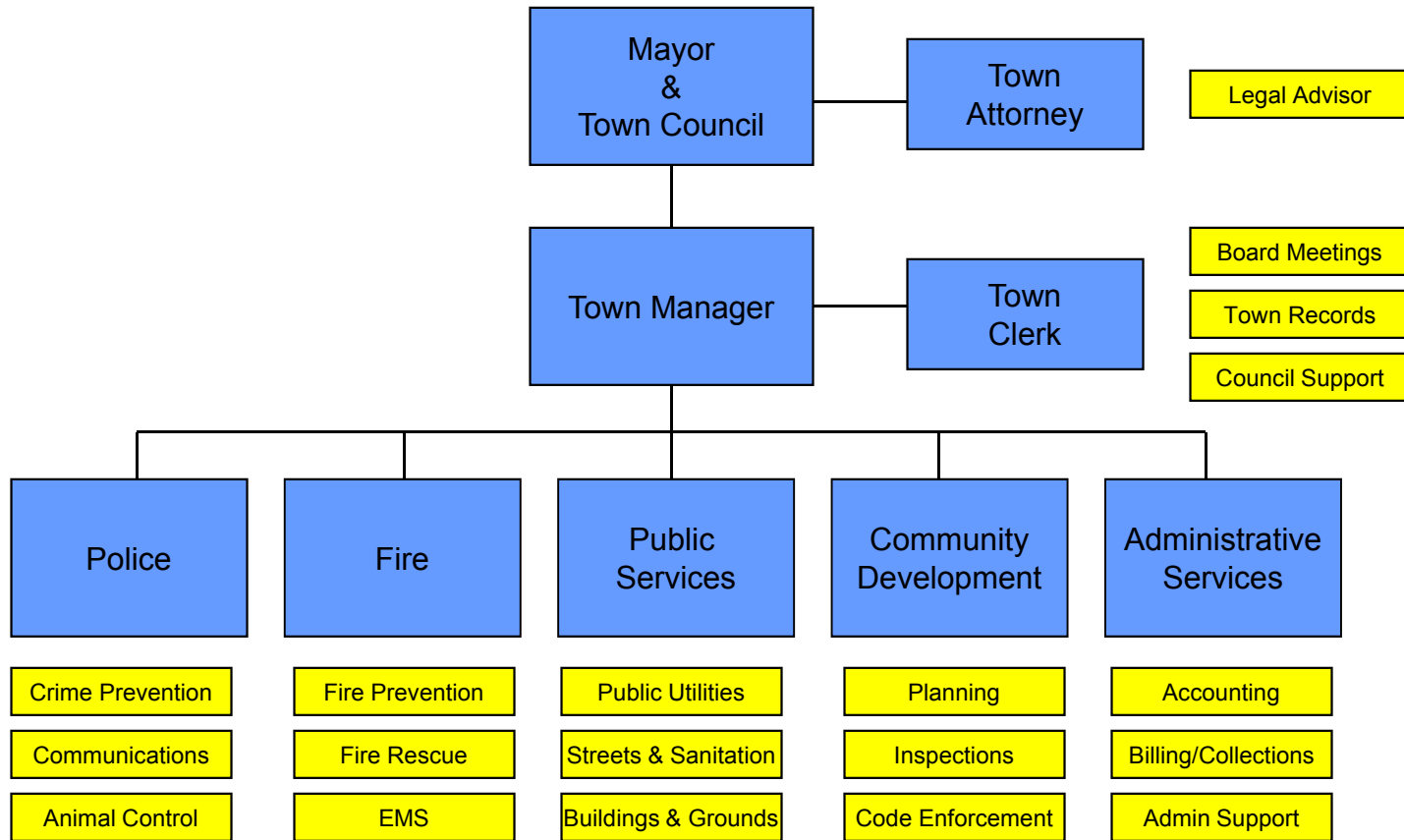
**TOWN COUNCIL**

Honorable A. B. Cooper, III, Mayor  
Harry Archer, Mayor Pro Tem  
Ann Batt  
Eddie Briley  
John Rivers  
Vada Palma

**ADMINISTRATION**

David R. Walker, Town Manager & CFO  
Sabrina Simpson, Administrative Services Director  
Laurie Hasulak, Tax Collector  
Katrina Tyer, Town Clerk  
Marc Schulze, Public Services Director  
G. Allen Smith, Police Chief  
Adam Snyder, Fire Chief  
Donna Turner, Inspections Director  
Jessica Fiester, Planning & Zoning Director

# Town of Atlantic Beach Organization Functions





Government Finance Officers Association

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

Presented to

**Town of Atlantic Beach  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

## **Financial Section**

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



**This Page Intentionally Left Blank**





Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

---

## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina, as of and for the year then ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Atlantic Beach's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

The combining and individual fund financial statements, budgetary schedules, other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013 on our consideration of the Town of Atlantic Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atlantic Beach's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., P.A.*

---

*Thompson, Price, Scott, Adams & Co., P.A*  
*Wilmington, North Carolina*  
*October 15, 2013*

## **TOWN OF ATLANTIC BEACH**

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

As management of the Town of Atlantic Beach (Town), we offer readers of the Town financial statements this narrative overview and analysis of the financial activities of the Town of Atlantic Beach for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### **Financial Highlights**

- The assets of the Town of Atlantic Beach exceeded its liabilities at the close of the fiscal year by \$14,295,854 (net position).
- The government's total net position increased by \$43,025 due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,888,332. Approximately 86.9% percent of this total amount or \$5,115,741 is available for spending at the government's discretion (unassigned fund balance) in the general fund. Assigned fund balance in the special revenue fund totals \$235,828.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,115,741, or 82.5 percent of total general fund expenditures for the fiscal year.
- The government's total debt increased by \$112,473 during the current fiscal year.
- The Town of Atlantic Beach has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting each consecutive year beginning with the June 30, 2000 annual report.

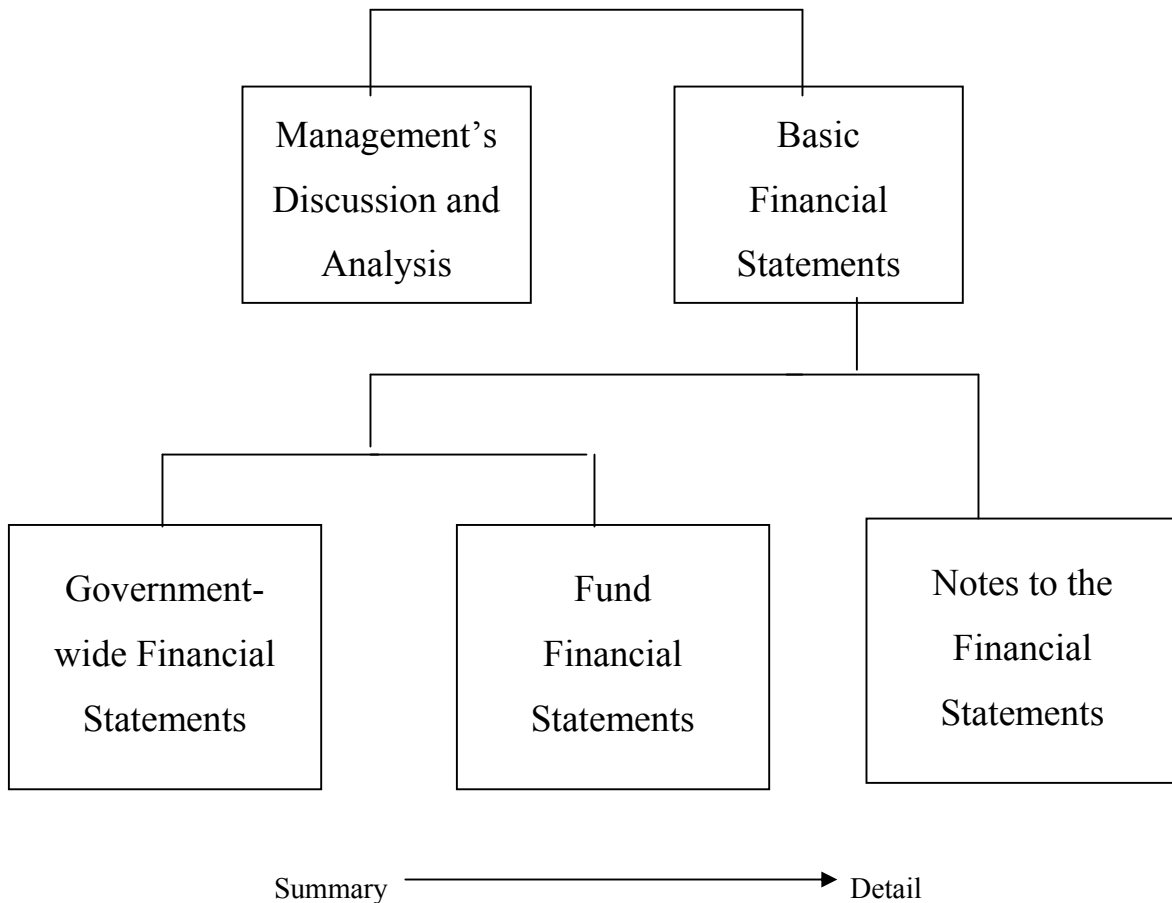
#### **Overview of the Financial Statements**

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

**TOWN OF ATLANTIC BEACH**  
**Management's Discussion and Analysis**

**Required Components of Annual Financial Report**

Figure 1



**Basic Financial Statements**

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

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

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

## **TOWN OF ATLANTIC BEACH**

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

#### **Government-Wide Financial Statements**

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

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

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

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

#### **Fund Financial Statements**

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

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

The Town of Atlantic Beach adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document.

## TOWN OF ATLANTIC BEACH

### Management's Discussion and Analysis

The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

**Other Information** In addition to the basic financial statements and accompanying notes, this report includes certain other required schedules concerning the Town of Atlantic Beach. The other schedules can be found beginning on page 53 of this report.

### Government-Wide Financial Analysis

**Town of Atlantic Beach - Net Position**  
**Figure 2**

	Governmental		Business Type			
	Activities		Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	6,107,967	6,106,558	2,029,382	2,311,361	8,137,349	8,417,919
Capital assets	6,692,881	6,181,218	2,923,729	3,037,055	9,616,610	9,218,273
Total assets	12,800,848	12,287,776	4,953,111	5,348,416	17,753,959	17,636,192
Current liabilities	586,025	555,635	55,164	76,497	641,189	632,132
Long-term liabilities	2,789,615	2,731,855	22,628	19,376	2,812,243	2,751,231
Total liabilities	3,375,640	3,287,490	77,792	95,873	3,453,432	3,383,363
Deferred Inflow s of Resources	4,673	0	0	0	4,673	0
Net assets:						
Invested in capital assets,						
net of related debt	4,006,135	3,556,987	2,923,729	3,037,055	6,929,864	6,594,042
Restricted - Streets - Powell Bill	185,307	156,533	-	-	185,307	156,533
Restricted - Stabilization by State Statute	351,456	354,059	-	-	351,456	354,059
Unrestricted	4,877,637	4,932,707	1,951,590	2,215,488	6,829,227	7,148,195
Total net position	9,420,535	9,000,286	4,875,319	5,252,543	14,295,854	14,252,829

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Atlantic Beach exceeded liabilities by \$14,295,854 as of June 30, 2013. The Town's net position increased by \$43,025 for the fiscal year ended June 30, 2013. The Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items makes up a large portion of the net position of \$6,929,864. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Atlantic Beach investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate

# TOWN OF ATLANTIC BEACH

## Management's Discussion and Analysis

these liabilities. A minor portion of the Town's net assets, \$536,763 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,829,227 is unrestricted.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net assets, notably, the continued diligence in the collection of property taxes by accomplishing a tax collection percentage of 99.46%.

**Town of Atlantic Beach - Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	1,108,861	1,082,774	1,133,273	1,150,477	2,242,134	2,233,251
Operating grants & contributions	267,984	266,272	-	-	267,984	266,272
Capital grants & contributions	-	-	-	-	0	0
General revenues:						
Property taxes	2,819,505	2,835,564	-	-	2,819,505	2,835,564
Other taxes	22,742	23,181	-	-	22,742	23,181
Unrestricted intergovernmental revenues:						
Local option sales tax	960,118	914,057	-	-	960,118	914,057
Carteret County ABC revenue	107,870	105,156	-	-	107,870	105,156
Utilities franchise tax	188,339	184,028	-	-	188,339	184,028
Cable vision franchise tax	92,300	94,653	-	-	92,300	94,653
Telecommunications sales tax	44,151	47,493	-	-	44,151	47,493
Other intergovernmental revenues	10,930	11,475	-	-	10,930	11,475
Gain (loss) on disposal of assets	-	-	-	-	-	-
Other	55,431	26,372	7,085	8,840	62,516	35,212
Total revenues	5,678,231	5,591,025	1,140,358	1,159,317	6,818,589	6,750,342
Expenses:						
General government	1,068,784	1,187,227	-	-	1,068,784	1,187,227
Public safety	2,888,154	3,093,509	-	-	2,888,154	3,093,509
Transportation	531,179	478,512	-	-	531,179	478,512
Economic & Physical Development	99,748	114,032	-	-	99,748	114,032
Environmental Protection	443,724	437,892	-	-	443,724	437,892
Parks and Recreation	301,301	205,558	-	-	301,301	205,558
Interest on long-term debt	81,425	103,169	-	-	81,425	103,169
Water	-	-	1,361,249	931,539	1,361,249	931,539
Total expenses	5,414,315	5,619,899	1,361,249	931,539	6,775,564	6,551,438
Increase (decrease) in net position						
before transfers	263,916	-28,874	-220,891	227,778	43,025	198,904
Transfers	156,333	370,089	(156,333)	(370,089)	-	-
Increase (decrease) in net position after transfers	420,249	341,215	(377,224)	(142,311)	43,025	198,904
Prior period adjustment	-	-	-	-	-	-
Net position, July 1	9,000,286	8,659,071	5,252,543	5,394,854	14,252,829	14,053,925
Net position, June 30	9,420,535	9,000,286	4,875,319	5,252,543	14,295,854	14,252,829



## **TOWN OF ATLANTIC BEACH**

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

**Governmental activities.** Governmental activities increased the Town's net position by \$420,249, thereby accounting for 976.76% of the total growth in the net assets of the Town of Atlantic Beach, as the net position in the business-type activities decreased by \$377,224. This increase in the Town's net position can be attributed to several factors. While State-shared revenues of utilities franchise tax and cable vision franchise tax were lower than anticipated, this was offset with higher than expected Local option sales tax revenues and local ABC revenues, the Town's strong tax collection rate of 99.46% of stable tax values, and the foresight to acknowledge and plan for the continued economic downturn by freezing spending, salaries, and capital purchases except where necessary.

**Business-type activities.** Business-type activities decreased the Town of Atlantic Beach net position by \$377,224. Water base usage fees and stormwater fees remained the same to avoid increases during a pressed economic environment. Following Hurricane Irene two years ago, the Town's largest major hotel has remained closed due to damages. While still paying for the minimum monthly bill, the Town lost revenue due to the lack of water usage which consistently generated revenue above the minimum bills. Costs to purchase the equipment to implement an automated meter reading system and associated meters and transmitters resulted in a decrease in net position.

### **Financial Analysis of the Town's Funds**

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

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

The general fund is the chief operating fund of the Town of Atlantic Beach. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,115,741 while total fund balance reached \$5,652,504. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, which were \$6,198,858. Unassigned fund balance represents 82.5 percent of total General Fund expenditures, while total fund balance represents 91.2 percent of that same amount.

At June 30, 2013, the governmental funds of Town of Atlantic Beach reported a combined fund balance of \$5,888,332, an increase of \$15,325 from last year. Total fund balance for all governmental funds represents 95 percent of total Governmental Funds expenditures. Higher than anticipated revenues, strict oversight of personnel, operating and capital expenditures, in addition to implementing several large beach access improvements and stormwater drainage projects using restricted Beach Nourishment and Powell Bill funds, netted the \$15,325 increase.

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

## **TOWN OF ATLANTIC BEACH**

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

services.

The final amended budget and actual amounts varied, largely due to the downward economic trends. The Town budgeted conservatively for State-collected revenues and building permits / impact fees based on trends in building construction and real estate development projects. While the State-wide and local economic trends have continued on a declining scale, the Town of Atlantic Beach collected more of these revenues than expected. The most significant favorable variances were in ad valorem taxes, some elements of other unrestricted intergovernmental taxes, and sales/services due to revenues generated from souvenirs sold to memorialize the Town's 75<sup>th</sup> Anniversary. Total revenue realized was approximately \$129,000 more than the final budget amount. Expenditures were tightly controlled, and the Town was able to comply with its budgetary requirements in all categories. The favorable variances were the result of expenditure reductions in operations and capital outlay to the extent possible, while still providing for the replacement of three Police Department vehicles, one Police Department boat motor replacement, two replacement cardiac monitors, a replacement knuckleboom claw truck for debris and white goods removal, beach access renovations to four public beach accesses to allow easier beach access for those with disabilities, various stormwater drainage projects, and events to celebrate the Town's 75<sup>th</sup> Anniversary with multiple programs stretching throughout the summer including fireworks and amusement rides during the two weeks surrounding July 4th, and weekly outdoor movies "by the Sea". Total expenditures were approximately \$532,205 less than budgeted. The Town netted \$117,532 in additional revenues over expenditures.

**Proprietary Funds.** The Town of Atlantic Beach's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$1,951,590. The total change in net position for the Utility Fund was a decrease of \$377,224. While equipment and infrastructure capital improvement needs have been postponed in an attempt to keep the rates as low as possible, several capital projects were completed. Some of these projects were purchasing the equipment to implement an automated meter reading system and associated meters and transmitters to complete the change-out of 1,300 meters and the replacement of a pickup truck used to transport the backhoe.

#### **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Atlantic Beach investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$9,616,610 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles. For the year ending June 30, 2013, most major capital outlay purchases were delayed due to economic uncertainty. Major purchases in the General Fund were three Police Department vehicles, one Police Department boat motor, two cardiac monitors, a knuckleboom claw truck, and beach access renovations to four public beach accesses. Major purchases in the Utility Fund were the automated meter reading equipment with associated meters and transmitters, and a pickup truck.

**TOWN OF ATLANTIC BEACH**  
**Management's Discussion and Analysis**

**Town of Atlantic Beach - Capital Assets**  
**(Net of Depreciation)**  
**Figure 4**

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	5,222,967	5,222,967	934,400	934,400	6,157,367	6,157,367
Buildings & plant system	145,382	153,611	1,764,016	1,907,045	1,909,398	2,060,656
Infrastructure	535,567	445,203	-	-	535,567	445,203
Equipment	160,083	109,801	221,536	153,867	381,619	263,668
Vehicles & motorized equipment	628,882	249,636	3,777	41,743	632,659	291,379
<b>Total</b>	<b>6,692,881</b>	<b>6,181,218</b>	<b>2,923,729</b>	<b>3,037,055</b>	<b>9,616,610</b>	<b>9,218,273</b>

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

**Long-term Debt.** As of June 30, 2013, the Town of Atlantic Beach had total debt outstanding of \$2,686,746. The entire amount of the Town's debt represents installment purchases for government activities, as we currently have no debt backed by the full faith and credit of the Town (bonded), or Utility (revenue bonds).

**Town of Atlantic Beach' Outstanding Debt**  
**General Obligation and Revenue Bonds**  
**Figure 5**

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Town of Atlantic Beach total debt increased by \$112,473 during the current fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Atlantic Beach is \$129,818,807.

Additional information regarding the Town of Atlantic Beach's long-term debt can be found in note III.B.6 beginning on page 48 of this report.

## **TOWN OF ATLANTIC BEACH**

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

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

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

- Low unemployment. The Town of Atlantic Beach is too small to be statistically categorized in unemployment figures. However, as of June, Carteret County as a whole has an unemployment rate of 7.7%, which is below the State average of 8.8% and slightly above the national average of 7.6%.
- The Town of Atlantic Beach is a resort community and does not have a significant manufacturing or industrial base. However, new small business development has been consistent.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2014**

The Town of Atlantic Beach budget for the Fiscal Year Ending June 30, 2014 totals \$6,703,165 for all funds managed by the Town. As required by North Carolina General Statutes, the budget is balanced by a like amount of revenues and expenditures. Budgeted expenditures for Capital Improvements are very limited and practically non-existent for the 2013-14 fiscal year because of anticipated revenue shortfalls, economic conditions and the Town's attempt to conservatively balance the budget. Capital outlay expenditures in the General Fund include one replacement Police Department vehicle and a replacement Fire Department rescue pickup funded by appropriating fund balance in the amount of \$59,000. The General Fund continues to plan for a major repaving project, improvements to beach accesses, stormwater drainage projects, and improvements to the Town Park including a splash pad plaza. The Water Fund continues to plan for replacement of Well #2 and expansion of the AMR meter reading system. The Water Fund capital outlay expenditures include one replacement vehicle and three hundred AMR meters in FY2013-14 funded by appropriating fund balance in the amount of \$115,427.

**Governmental Activities.** The Town's largest single source of revenue continues to be generated from ad valorem property taxes, which has been decreased from \$0.17 to \$0.165 per \$100 valuation tax rate on a \$1,637,330,466 tax base. The \$2,670,000 ad valorem property tax revenue comprises approximately 50% of General Fund estimated revenues.

**Business - type Activities.** The Town's business type activities, which include the Town's water and stormwater services were budgeted without any new or increased fees.

#### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**



**This Page Intentionally Left Blank**

**Town of Atlantic Beach, North Carolina**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,548,583	\$ 1,800,757	\$ 7,349,340
Restricted cash	185,307	-	185,307
Taxes receivables (net)	22,622	-	22,622
Accounts receivable (net)	351,455	154,229	505,684
Inventories	-	74,396	74,396
Total current assets	6,107,967	2,029,382	8,137,349
Capital assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	5,222,967	934,400	6,157,367
Other capital assets, net of depreciation	1,469,914	1,989,329	3,459,243
Total capital assets	6,692,881	2,923,729	9,616,610
Total assets	\$ 12,800,848	\$ 4,953,111	\$ 17,753,959
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 192,340	\$ 26,589	\$ 218,929
Accrued interest payable	19,120	-	19,120
Customer deposits	-	10,310	10,310
Customer advances	-	14,568	14,568
Current portion of long term liabilities	374,565	3,697	378,262
Total current liabilities	586,025	55,164	641,189
Long-term liabilities:			
Due in more than one year	2,789,615	22,628	2,812,243
Total long term liabilities	2,789,615	22,628	2,812,243
Total liabilities	3,375,640	77,792	3,453,432
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	4,673	-	4,673
Total deferred inflows of resources	4,673	-	4,673
<b>NET POSITION</b>			
Net investment in capital assets	4,006,135	2,923,729	6,929,864
Restricted for:			
Streets - Powell Bill	185,307	-	185,307
Stabilization by State Statute	351,456	-	351,456
Unrestricted	4,877,637	1,951,590	6,829,227
Total net position	\$ 9,420,535	\$ 4,875,319	\$ 14,295,854

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

**Town of Atlantic Beach, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
General government	\$ 1,068,784	\$ -	\$ -
Public safety	2,888,154	532,682	123,292
Transportation	531,179	-	58,208
Economic and physical development	99,748	58,641	86,484
Environmental protection	443,724	517,538	-
Parks and recreation	301,301	-	-
Interest on long-term debt	81,425	-	-
Total governmental activities (See Note 1)	5,414,315	1,108,861	267,984
Business-type activities:			
Water	1,361,249	1,133,273	-
Total business-type activities	1,361,249	1,133,273	-
Total primary government	\$ 6,775,564	\$ 2,242,134	\$ 267,984

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Miscellaneous

Unrestricted investment earnings

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position, beginning

Net position, ending

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



<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>				
<b>Governmental Activities</b>	<b>Business-type Activities</b>			<b>Total</b>
\$ (1,068,784)	\$ -			\$ (1,068,784)
(2,232,180)	-			(2,232,180)
(472,971)	-			(472,971)
45,377	-			45,377
73,814	-			73,814
(301,301)	-			(301,301)
(81,425)	-			(81,425)
(4,037,470)	-			(4,037,470)
-	(227,976)			(227,976)
-	(227,976)			(227,976)
(4,037,470)	(227,976)			(4,265,446)
2,819,505	-			2,819,505
22,742	-			22,742
1,403,708	-			1,403,708
38,726	-			38,726
16,705	7,085			23,790
156,333	(156,333)			-
4,457,719	(149,248)			4,308,471
420,249	(377,224)			43,025
9,000,286	5,252,543			14,252,829
\$ 9,420,535	\$ 4,875,319			\$ 14,295,854

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

**Town of Atlantic Beach, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	<b>Major General Fund</b>	<b>Non-Major Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,312,755	235,828	\$ 5,548,583
Restricted cash	185,307	-	185,307
Receivables, net:			
Taxes	22,622	-	22,622
Accounts	351,455	-	351,455
Total assets	<u>\$ 5,872,139</u>	<u>\$ 235,828</u>	<u>\$ 6,107,967</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 192,340	\$ -	\$ 192,340
Total liabilities	<u>192,340</u>	<u>-</u>	<u>192,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	27,295	-	27,295
Total deferred inflows of resources	<u>27,295</u>	<u>-</u>	<u>27,295</u>

(continued)



**Town of Atlantic Beach, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	<u>Major</u>		
	<u>General Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,827,985	\$ -	\$ 2,827,985
Other taxes and licenses	22,742	-	22,742
Unrestricted intergovernmental	1,403,708	-	1,403,708
Restricted intergovernmental	260,084	-	260,084
Permits and fees	158,723	-	158,723
Sales and services	906,816	-	906,816
Investment earnings	15,735	970	16,705
Miscellaneous	56,792	-	56,792
Total revenues	<u>5,652,585</u>	<u>970</u>	<u>5,653,555</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,018,853	-	1,018,853
Public safety	3,221,664	-	3,221,664
Transportation	633,765	-	633,765
Environmental protection	559,456	-	559,456
Economic and physical development	95,130	-	95,130
Public services	276,865	-	276,865
Debt service:			
Principal	300,734	-	300,734
Interest and other charges	92,391	-	92,391
Total expenditures	<u>6,198,858</u>	<u>-</u>	<u>6,198,858</u>
Revenue over (under) expenditures	<u>(546,273)</u>	<u>970</u>	<u>(545,303)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	259,510	(103,177)	156,333
Proceeds from sale of assets	41,046	-	41,046
Loan Proceeds	363,249	-	363,249
Total other financing sources (uses)	<u>663,805</u>	<u>(103,177)</u>	<u>560,628</u>
Net change in fund balance	117,532	(102,207)	15,325
Fund balance, beginning	<u>5,534,972</u>	<u>338,035</u>	<u>5,873,007</u>
Fund balance, ending	<u>\$ 5,652,504</u>	<u>\$ 235,828</u>	<u>\$ 5,888,332</u>

(continued)

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

**Town of Atlantic Beach, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

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

Net changes in fund balances - total governmental funds	\$ 15,325
---	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	753,312	
Depreciation expense for governmental assets	(260,091)	
Capital assets disposed of during the year	(7,890)	
Capital assets transferred into general fund	26,333	511,664

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

Change in unavailable revenue for tax revenues	(8,480)
--	---------

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

(62,516)

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

Compensated absences	(3,721)	
Accrued interest payable	10,966	
Net pension obligation	(4,545)	
Other postemployment benefits	(38,444)	

Total changes in net position of governmental activities	\$ 420,249
--	------------

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2013**

	<b>General Fund</b>			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	2,781,200	\$ 2,781,200	\$ 2,827,985	\$ 46,785
Other taxes and licenses	18,600	18,600	22,742	4,142
Unrestricted intergovernmental	1,391,950	1,391,950	1,403,708	11,758
Restricted intergovernmental	97,000	260,579	260,084	(495)
Permits and fees	115,000	115,000	158,723	43,723
Sales and services	831,150	876,950	906,816	29,866
Investment earnings	25,650	25,650	15,735	(9,915)
Miscellaneous	80,100	53,515	56,792	3,277
Total revenues	5,340,650	5,523,444	5,652,585	129,141
<b>Expenditures:</b>				
Current:				
General government	1,195,455	1,110,095	1,018,853	91,242
Public safety	2,912,300	3,255,213	3,221,664	33,549
Transportation	465,545	890,123	633,765	256,358
Environmental protection	440,000	579,158	559,456	19,702
Economic and physical development	94,000	98,770	95,130	3,640
Public services	188,000	363,362	276,865	86,497
Debt service:				
Principal retirement	350,044	301,044	300,734	310
Interest and other charges	94,769	92,769	92,391	378
Contingency	59,887	40,529	-	40,529
Total expenditures	5,800,000	6,731,063	6,198,858	532,205
Revenues over (under) expenditures	(459,350)	(1,207,619)	(546,273)	(661,346)
<b>Other Financing Sources:</b>				
Proceeds from sale of assets	-	40,000	41,046	1,046
Loan Proceeds	-	363,249	363,249	-
Transfers from other funds	385,000	233,177	259,510	26,333
	385,000	636,426	663,805	27,379
Fund balance appropriated	(74,350)	(571,193)	-	(571,193)
Net change in fund balance	\$ -	\$ -	117,532	\$ 117,532
Fund balances, beginning			5,534,972	
Fund balances, ending			<u>\$ 5,652,504</u>	

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

**Town of Atlantic Beach, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund - Public Utilities Fund**  
**June 30, 2013**

**ASSETS**

## Current assets:

Cash and cash equivalents	1,800,757
Accounts receivable (net) - billed	103,303
Accounts receivable (net) - unbilled	50,926
Inventories	74,396
Total current assets	<u>2,029,382</u>

## Non-current assets:

## Capital assets:

Land	934,400
Capital assets, net of depreciation	<u>1,989,329</u>
	<u>2,923,729</u>

Total assets	<u><u>\$ 4,953,111</u></u>
--------------	----------------------------

**LIABILITIES**

## Current liabilities:

Accounts payable and accrued liabilities	\$ 26,589
Customer advances on water bills	14,568
Customer deposits	10,310
Current portion of accrued vacation	3,697
Total current liabilities	<u>55,164</u>

## Noncurrent liabilities:

OPEB liability	7,877
Accrued vacation	14,751
	<u>22,628</u>

Total liabilities	<u>77,792</u>
-------------------	---------------

**NET POSITION**

Net investment in capital assets	2,923,729
Unrestricted	<u>1,951,590</u>
Total net position	<u><u>\$ 4,875,319</u></u>

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

**Town of Atlantic Beach, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund - Public Utilities Fund**  
**For the Year Ended June 30, 2013**

**OPERATING REVENUES**

Charges for services	\$ 926,337
Stormwater fees	158,864
Miscellaneous	48,072
<b>Total operating revenues</b>	<u>1,133,273</u>

**OPERATING EXPENSES**

Administration	556,416
Water treatment and distribution	573,334
Depreciation	231,499
<b>Total operating expenses</b>	<u>1,361,249</u>

<b>Operating income</b>	<u>(227,976)</u>
-------------------------	------------------

**NONOPERATING REVENUE (EXPENSES)**

Investment income	7,085
<b>Total nonoperating revenue (expenses)</b>	<u>7,085</u>

<b>Income before contributions and transfers</b>	(220,891)
--	-----------

Transfers to other funds	<u>(156,333)</u>
--------------------------	------------------

Change in net position	(377,224)
Total net position, beginning	5,252,543
Total net position, ending	<u><u>\$ 4,875,319</u></u>

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



**Town of Atlantic Beach, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund - Public Utilities Fund**  
**For the Year Ended June 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 1,119,707
Cash paid to employees	(230,333)
Cash paid for services	(881,053)
Net cash provided by operating activities	<u>8,321</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers to other funds	(156,333)
Net cash flows (used) by noncapital financing activities	<u>(156,333)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	(144,506)
Net cash used by capital and related financing activities	<u>(144,506)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest	<u>7,085</u>
Net decrease in cash and cash equivalents	(285,433)

Balances, beginning	2,086,190
Balances, ending	<u><u>\$ 1,800,757</u></u>

(continued)

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

**Town of Atlantic Beach, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund - Public Utilities Fund**  
**For the Year Ended June 30, 2013**

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ (227,976)
------------------	--------------

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation	231,499
--------------	---------

Net capital assets transferred to General Fixed Assets	26,333
--	--------

Changes in assets and liabilities:

(Decrease) in accounts receivable	13,566
-----------------------------------	--------

Increase in inventory	(17,020)
-----------------------	----------

(Decrease) in accounts payable and accrued liabilities	(24,362)
--	----------

Increase in customer advances on water bills	191
--	-----

Increase in customer deposits	2,842
-------------------------------	-------

Increase in accrued vacation pay	3,248
----------------------------------	-------

Total adjustments	236,297
-------------------	---------

Net cash provided by operating activities	\$ 8,321
---	----------

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

**Notes to Basic**  
**Financial Statements**



**This Page Intentionally Left Blank**

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental fund:

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

The Town reports the following major enterprise fund:

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Carteret County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Atlantic Beach. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Carteret County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

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

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**3. Restricted Assets**

The unexpended Powell Bill revenue is classified as restricted assets in governmental funds because the use is completely restricted by State law. The balance at June 30, 2013 was \$185,307. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.



**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2012.

**5. Inventory and Prepaid Items**

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

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

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

**6. Capital Assets**

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

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

Asset Class	Estimated Useful Lives
Buildings	50
Improvements	10-25
Infrastructure	50
Vehicles - motorized equipment	6
Equipment (non computer)	5-10
Computer Software	5
Computer equipment	3

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meets the criterion for this category – prepaid taxes.

8. Long-Term Obligations

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

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

9. Compensated Absences

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

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

10. Net Position/Fund Balances

**Net Position**

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

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statue [G.S. 159-8(a)].

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

**Committed Fund Balance** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Atlantic Beach’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

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

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

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

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

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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

No issues relating to stewardship, compliance and accountability for the Town.

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

At June 30, 2013, the Town's deposits had a carrying amount of \$7,533,781 and a bank balance of \$7,577,242. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2013, the Town's petty cash fund totaled \$400.

**2. Investments**

At June 30, 2013, the Town had \$466 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

**3. Receivables**

Receivables at the government-wide level at June 30, 2013, were as follows:

Fund	June 30, 2013
General Fund:	
ABC tax receivable	\$ 27,277
Telecommunication sales tax receivable	11,193
Franchise tax receivable	40,895
Local option sales tax receivable	165,294
Video programming	23,604
Property taxes receivable	22,622
Services receivable	74,310
Misellaneous receivables	8,882
Total	374,077
Public Utilities Fund:	
Services receivable	154,229
Total	\$ 528,306

**4. Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2013, was as follows:

	Beginning Balances	Re - classifications	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,222,967	\$ -	\$ -	\$ -	\$ 5,222,967
Total capital assets not being depreciated	5,222,967	-	-	-	5,222,967
<b>Capital assets being depreciated:</b>					
Buildings & improvements	537,867	-	-	-	537,867
Infrastructure	566,829	-	120,970	-	687,799
Equipment	515,541	-	70,970	-	586,511
Vehicles and motorized equipment	2,214,898	46,301	561,372	450,850	2,371,721
Total capital assets being depreciated	3,835,135	46,301	753,312	450,850	4,183,898
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	384,256	-	8,229	-	392,485
Infrastructure	121,626	-	30,606	-	152,232
Equipment	405,740	-	20,688	-	426,428
Vehicles and motorized equipment	1,965,262	19,968	200,569	442,960	1,742,839
Total accumulated depreciation	2,876,884	19,968	260,092	442,960	2,713,984
Total capital assets being depreciated, net	958,251				1,469,914
<b>Governmental activity capital assets, net</b>	<b>\$ 6,181,218</b>				<b>\$ 6,692,881</b>

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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

General government	\$ 36,876
Public safety	186,633
Transportation	10,604
Economic & Physical Development	2,016
Environmental Protection	19,914
Parks and recreation	4,049
Total depreciation expense	<u>\$ 260,092</u>

	Beginning Balances	Re - classifications	Increases	Decreases	Ending Balances
<b>Business type activities:</b>					
<b>Water Fund</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 934,400	\$ -	\$ -	\$ -	\$ 934,400
Total capital assets not being depreciated	934,400	-	-	-	934,400
<b>Capital assets being depreciated:</b>					
Plant and distribution systems	6,565,739	-	24,506	-	6,590,245
Furniture and maintenance equipment	438,230	-	120,000	-	558,230
Vehicles	100,227	(46,301)	-	-	53,926
Total capital assets being depreciated	7,104,196	(46,301)	144,506	-	7,202,401
<b>Less accumulated depreciation for:</b>					
Plant and distribution systems	4,658,694	-	167,535	-	4,826,229
Furniture and maintenance equipment	284,363	-	52,331	-	336,694
Vehicles	58,484	(19,969)	11,634	-	50,149
Total accumulated depreciation	5,001,541	(19,969)	231,500	-	5,213,072
Total capital assets being depreciated, net	2,102,655				1,989,329
<b>Business type capital assets, net</b>	<u>\$ 3,037,055</u>				<u>\$ 2,923,729</u>

**B. Liabilities**

**1. Pension Plan Obligations**

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

*Plan Description.* The Town contributes to the statewide Local Governmental Employees' Retirement System (LGERs), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERs provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERs. That report may be obtained by

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 12.97% and 13.00% respectively, of annual covered payroll. The contribution requirement of members and of the Town is established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$317,921, \$319,012, and \$301,130, respectively. The contributions made by the Town equaled the required contributions for each year.

**b. Law Enforcement Officers Special Separation Allowance**

*1. Plan Description.*

The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2012 the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>17</u>
	<u><u>19</u></u>

A separate report was not issued for the plan.

*2. Summary of Significant Accounting Policies:*

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

*3. Contributions.*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5 % investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85%. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases.

*Annual Pension Cost and Net Pension Obligation.* The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 28,357
Interest on net pension obligation	6,073
Adjustment to annual required contribution	<u>(7,559)</u>
Annual pension cost	26,871
Contributions made	<u>22,326</u>
Increase (decrease) in net pension obligation	4,545
Net pension obligation beginning of year	<u>121,463</u>
Net pension obligation end of year	<u><u>\$ 126,008</u></u>

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 24,889	35.39%	123,202
2012	19,140	109.09%	121,463
2013	26,871	83.09%	126,008



**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

The annual required contribution (ARC) for the fiscal year ended June 30, 2013 is calculated as of December 31, 2012 using the following information:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5 - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

*4. Funded Status and Funding Progress*

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$261,363. The covered payroll (annual payroll of active employees covered by the plan) was \$722,655, and the ratio of the UAAL to the covered payroll was 36.17 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$39,621, all contributed by the Town.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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

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

**Funding Policy.** The adopted plan requires the Town to contribute each pay period an amount equal to five percent (5%) of each non-law enforcement employee's salary. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$79,226 from the Town and \$46,348 from the non-law enforcement employees.

e. Other Postemployment Benefits

Healthcare Benefits

**Plan Description.** Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (HBP). The plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of credible service with the Town, have not reached age 65 and are not eligible to receive Medicare benefits. Prior to July 1, 2009, employees did not receive this benefit. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

**Funding Policy.** By Town Resolution, the Town pays the full cost of coverage for the healthcare benefits to qualified retirees. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended, June 30, 2013, the Town's total contributions were \$20,606.

**Annual OPEB Cost and Net OPEB Obligation.** The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer*. (ARC)

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 58,244
Interest on net OPEB obligation	5,865
Adjustment to annual required contribution	<u>(5,060)</u>
Annual OPEB cost (expense)	59,049
Contributions made	<u>20,606</u>
Increase (decrease) in net OPEB obligation	38,443
Net OPEB obligation beginning of year	<u>146,632</u>
Net OPEB obligation end of year	<u>\$ 185,075</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual	
		OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 59,402	24.73%	\$ 95,348
2012	\$ 65,018	21.12%	\$ 146,632
2013	\$ 59,049	34.89%	\$ 185,075

*Funded Status and Funding Progress.* As of June 30, 2013, the actuarial accrued liability for benefits was \$421,435, all of which was unfunded. The covered payroll was \$2,629,113, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 16.02 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

*Marital status* – Marital status of members at the calculation date was assumed to continue throughout retirement.

*Mortality* – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Tables for Males and for Females were used.

*Turnover* – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Healthcare cost trend rate* – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 12.00 percent initially, reduced to an ultimate rate of 6.00 percent after six years, was used.

*Health insurance premiums* – 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate* – The expected long-term inflation assumption of 3.8 percent was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2007 Annual Report of the Board of Trustees of Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

*Payroll growth rate* – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Town's short-term investment portfolio, a discount rate of 4.00 percent was used. In addition, a simplified version of the entry age actuarial

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2013, was 28 years.

**2. Other Employment Benefit**

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

The Town also provides an additional death benefit through a Group Term Life Insurance program, which is provided on a non-contributory basis to all members of the retirement system and 30 days of employment. The benefit pays the designated beneficiary an amount equal to the employee's annual salary, but the benefit may not exceed \$200,000. Under the IRS regulations, the value of employer-paid Group Term Life Insurance coverage in excess of \$50,000 is considered taxable to the employee as a fringe benefit.

**3. Deferred Outflows and Inflows of Resources**

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

	Unavailable Revenue	Unearned Revenue
Taxes receivable (General Fund) less penalties	\$ 22,622	\$ -
Prepaid taxes (General Fund)	-	27,295
	<u>\$ 22,622</u>	<u>\$ 27,295</u>

**4. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers'

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

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

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

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2013, the Town has no pending claims or judgments.

**6. Long-Term Obligations**

**a. Installment Purchases:**

In March 2006, the Town entered into an installment purchase contract with BB&T for the purchase of property located on 915 W. Ft. Macon Rd, Atlantic Beach. Payments were broken down into two separate payment plans: taxable (due to standing lease with Rite Aid) and tax-exempt for the remainder. In November 2010, Rite Aid relocated and the two loans, with a combined balance of \$2,933,333, were modified with BB&T with interest at an annual rate of 1.97%. The note is due in annual variable installments with a fixed principal component of \$266,667. Payments are due beginning on March 15, 2007, and annually thereafter, with a final payment of all outstanding principal and accrued and unpaid interest due on March 15, 2021. The Town does not expect to prepay any of the obligations prior to the scheduled payment dates. The combined balance outstanding at June 30, 2013 was \$2,133,333.

In April 2008, the Town entered into an installment purchase contract with BB&T for the purchase of a Rescue Truck. The note was refinanced in the current year and is due in annual installments beginning April 15, 2013 of \$39,971, with an interest rate of 1.68%. The balance outstanding at June 30, 2013 was \$190,164.

In November 2012, the Town entered into an installment purchase contract with First Bank for the purchase of an Emergency Fire Truck. The note is due in annual installments beginning

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

November 1, 2013 of \$55,590, with an interest rate of 1.75%. The balance outstanding at June 30, 2013 was \$363,249.

Annual debt service payments of all installment notes as of June 30, 2013, including \$224,689 of interest, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2014	352,676	51,578
2015	354,155	44,846
2016	355,660	38,087
2017	357,180	31,313
2018	358,748	24,493
2019-2023	908,327	34,372
Total	<u>\$ 2,686,746</u>	<u>\$ 224,689</u>

**b. Changes in Long-Term Liabilities**

	Balance 6/30/2012	Increases	Decreases	Balance 6/30/2013	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 2,624,231	\$ 363,249	\$ 300,734	\$ 2,686,746	\$ 352,676
Compensated absences	170,506	131,056	127,334	174,228	21,889
Other post employment benefits	138,755	59,049	20,606	177,198	-
Net pension obligation	121,463	4,545	-	126,008	-
Governmental activity long-term liabilities	<u>\$ 3,054,955</u>	<u>\$ 557,899</u>	<u>\$ 448,674</u>	<u>\$ 3,164,180</u>	<u>\$ 374,565</u>
Business-type activities:					
Compensated absences	\$ 15,200	\$ 14,045	\$ 10,797	\$ 18,448	\$ 3,697
Other post employment benefits	7,877	-	-	7,877	-
Business-type activity long-term liabilities	<u>\$ 23,077</u>	<u>\$ 14,045</u>	<u>\$ 10,797</u>	<u>\$ 26,325</u>	<u>\$ 3,697</u>

At June 30, 2013, the Town of Atlantic Beach had a legal debt margin of \$129,818,807.

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2013, consist of the following:

Descriptions	Transfers In	Transfers Out
General Fund	\$ 156,333	\$ -
Public Utilities Fund	-	156,333
	<u>\$ 156,333</u>	<u>\$ 156,333</u>

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**

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

The transfer from the Public Utility Fund to the General Fund is for transfer of assets with net book value remaining (\$26,333) and debt service payment for the Town-owned property purchased for future use by both funds (\$130,000).

**D. Fund Balance**

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

Total fund balance - General Fund	<u>\$ 5,652,504</u>
Less:	
Stabilization by State Statute	351,456
Streets - Powell Bill	185,307
Working Capital/Fund Balance Policy	<u>548,950</u>
Remaining Fund Balance	<u><u>\$ 4,566,791</u></u>

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

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assistance Programs**

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

**V. Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, The Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. There were no changes to beginning net position from the above implementation.



### **Required Supplementary Financial Data**

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

- Schedule of Funding in Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits



**This Page Intentionally Left Blank**

**Town of Atlantic Beach, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2006	-	115,548	115,548	0.00%	721,602	16.01%
12/31/2007	-	138,721	138,721	0.00%	662,146	20.95%
12/31/2008	-	151,557	151,557	0.00%	748,793	20.24%
12/31/2009	-	197,088	197,088	0.00%	704,170	27.99%
12/31/2010	-	156,007	156,007	0.00%	676,513	23.06%
12/31/2011	-	257,027	257,027	0.00%	736,034	34.92%
12/31/2012	-	261,363	261,363	0.00%	722,655	36.17%

**\* Information presented for available years**

**Town of Atlantic Beach, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	13,014	0.00%
2007	14,744	0.00%
2008	15,915	0.00%
2009	18,051	0.00%
2010	20,654	25.75%
2011	25,268	34.86%
2012	20,330	102.70%
2013	28,357	78.74%

**Town of Atlantic Beach, North Carolina**  
**Other Postemployment Benefits**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2010	-	446,116	446,116	0.00%	2,378,493	18.76%
6/30/2011	-	446,116	446,116	0.00%	2,550,593	17.49%
6/30/2012	-	452,699	452,699	0.00%	2,603,377	17.39%
6/30/2013	-	421,435	421,435	0.00%	2,629,113	16.02%

\* Information presented for available years

**Town of Atlantic Beach, North Carolina**  
**Other Postemployment Benefits**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	59,124	14.35%
2011	59,124	24.85%
2012	64,495	21.29%
2013	58,244	35.37%

## **General Fund**

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



**This Page Intentionally Left Blank**



**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues</b>			
Ad valorem taxes			
Current collections of unit-wide levy	\$ 2,770,000	2,796,360	26,360
Prior years' levy collections	7,200	22,130	14,930
Penalties and interest	4,000	9,495	5,495
	<u>2,781,200</u>	<u>2,827,985</u>	<u>46,785</u>
Other taxes and licenses:			
Privilege licenses	18,600	22,742	4,142
	<u>18,600</u>	<u>22,742</u>	<u>4,142</u>
<b>Total taxes</b>	<u>2,799,800</u>	<u>2,850,727</u>	<u>50,927</u>
Unrestricted intergovernmental:			
Local option sales tax	930,000	960,118	30,118
Carteret County ABC revenue	90,000	107,870	17,870
Beer/wine tax	8,000	6,080	(1,920)
Utilities franchise tax	200,000	188,339	(11,661)
Cable Vision franchise tax	110,000	92,300	(17,700)
Telecommunications sales tax	50,000	44,151	(5,849)
Solid Waste Disposal Tax	1,200	1,084	(116)
Payment in lieu of taxes (Fire district distribution)	1,550	2,807	1,257
Court fees	1,200	959	(241)
	<u>1,391,950</u>	<u>1,403,708</u>	<u>11,758</u>
Restricted intergovernmental:			
Public Safety Grants	2,000	2,516	516
NCDOT Bike Planning Grant	4,200	4,200	-
FEMA Grant	86,450	86,484	34
09 Port Security Message Board Grant	4,253	-	(4,253)
Firefighters Grant	57,380	57,380	-
CAMA Beach Access Grant	28,796	28,796	-
Dredging Grant	22,500	22,500	-
Powell Bill allocation	55,000	58,208	3,208
	<u>260,579</u>	<u>260,084</u>	<u>(495)</u>
<b>Total intergovernmental</b>	<u>1,652,529</u>	<u>1,663,792</u>	<u>11,263</u>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Permits, fees and assessments:			
Beach permits	15,000	20,850	5,850
Building permits	100,000	137,873	37,873
<b>Total permits, fees and assessments</b>	<b>115,000</b>	<b>158,723</b>	<b>43,723</b>
Sales and services:			
Parking meter	120,000	104,567	(15,433)
Solid waste fees	510,000	509,411	(589)
Parking violations	4,000	7,610	3,610
Refuse cart sales	4,500	8,128	3,628
Debris/White goods fee	68,000	69,140	1,140
EMS revenue	70,000	87,990	17,990
Cell tower lease	49,100	51,041	1,941
Souvenirs	40,000	43,690	3,690
Other Fees	11,350	25,239	13,889
<b>Total sales and services</b>	<b>876,950</b>	<b>906,816</b>	<b>29,866</b>
Investment Earnings:			
General fund interest on investments	25,000	15,169	(9,831)
Other funds interest on investments	650	566	(84)
<b>Total interest</b>	<b>25,650</b>	<b>15,735</b>	<b>(9,915)</b>
Miscellaneous revenue:			
ABPD citizen donations	-	1,389	1,389
Private donations	5,915	7,540	1,625
Sales tax refund	45,000	43,192	(1,808)
Miscellaneous	2,600	4,671	2,071
<b>Total miscellaneous</b>	<b>53,515</b>	<b>56,792</b>	<b>3,277</b>
<b>Total revenue</b>	<b>5,523,444</b>	<b>5,652,585</b>	<b>129,141</b>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
<b>Expenditures</b>			
General Government:			
Mayor and council:			
Salaries and employee benefits		21,858	
Professional services		84,065	
Membership dues		4,463	
Other operating expenditures		18,353	
	<u>159,200</u>	<u>128,739</u>	<u>30,461</u>
Administration:			
Salaries and employee benefits		180,080	
Insurance - other		3,188	
Employee development		1,775	
Printing and postage		26,153	
Computers and small equipment		14,501	
Supplies		7,051	
Equipment rental		6,628	
Capital Outlay		9,503	
Miscellaneous		15,025	
	<u>278,320</u>	<u>263,904</u>	<u>14,416</u>
Finance:			
Salaries and employee benefits		139,357	
Insurance - other		1,567	
Employee development		641	
Professional services		21,425	
Departmental supplies		5,986	
Bank charges		8,015	
Sales tax		63,700	
Miscellaneous		1,298	
	<u>259,770</u>	<u>241,989</u>	<u>17,781</u>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Public buildings:			
Salaries and employee benefits		273,021	
Insurance - other		21,859	
Utilities		25,506	
Building maintenance		35,250	
Janitorial supplies		9,541	
Landscaping		7,095	
Professional services		7,286	
Miscellaneous		4,663	
	<u>412,805</u>	<u>384,221</u>	<u>28,584</u>
<b>Total general government</b>	<u>1,110,095</u>	<u>1,018,853</u>	<u>91,242</u>
Public safety:			
Police:			
Salaries and employee benefits		1,202,446	
Insurance - other		45,908	
Employee development		11,606	
Fuel		49,849	
Repairs and maintenance		15,749	
Printing and postage		3,541	
Departmental supplies		3,739	
Computers and small equipment		26,702	
Capital outlay		117,765	
Uniforms		8,450	
09 port security message board		2,126	
Marine patrol		9,449	
USDOJ Vest grant		1,294	
Miscellaneous		9,047	
	<u>1,507,753</u>	<u>1,507,671</u>	<u>82</u>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Fire/EMS:			
Salaries and employee benefits and benefits		922,464	
Insurance-other		45,772	
Communication maintenance		4,804	
Employee development		3,047	
Fuel		11,786	
Equipment maintenance		1,719	
Postage		3,338	
Departmental supplies		5,215	
Fire prevention supplies		5,055	
Uniforms		5,995	
Vehicle maintenance		18,283	
EMS Collections		4,843	
Rescue supplies		15,015	
Computers and small equipment		10,015	
Capital Outlay		415,374	
Miscellaneous		24,033	
	<u>1,517,575</u>	<u>1,496,758</u>	<u>20,817</u>
Building inspection:			
Salaries and employee benefits and benefits		146,252	
Insurance - other		3,162	
Employee development		1,119	
Fuel		1,827	
Equipment maintenance		3,154	
Postage		1,438	
Department supplies		2,221	
Miscellaneous		1,336	
	<u>164,335</u>	<u>160,509</u>	<u>3,826</u>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Rescue units:			
Departmental supplies		4,833	
Employee development		611	
Miscellaneous		4,248	
	<u>11,500</u>	<u>9,692</u>	<u>1,808</u>
Lifeguards:			
Salaries and employee benefits		39,415	
Insurance		1,294	
Departmental supplies		1,606	
Uniforms		1,628	
Miscellaneous		3,091	
	<u>54,050</u>	<u>47,034</u>	<u>7,016</u>
<b>Total public safety</b>	<u>3,255,213</u>	<u>3,221,664</u>	<u>33,549</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits and benefits		187,842	
Insurance - other		29,370	
Fuel		24,628	
Repairs and maintenance		20,300	
Storm drainage		7,661	
Street Lights		76,140	
Postage		1,461	
Departmental supplies		12,178	
Uniforms		5,722	
Dredging		64,279	
Employee development		682	
Beach access CAMA grant		120,970	
Miscellaneous		822	
	<u>572,827</u>	<u>552,055</u>	<u>20,772</u>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
State street aid allocation - Powell Bill:			
Equipment maintenance		596	
Paving/patching		1,400	
Traffic control devices		711	
Sidewalks		298	
Grading		2,198	
Contract Services		1,177	
Drainage		75,330	
	<u>317,296</u>	<u>81,710</u>	<u>235,586</u>
<b>Total transportation</b>	<u>890,123</u>	<u>633,765</u>	<u>256,358</u>
Environmental protection:			
Solid waste:			
Salaries and employee benefits		44,749	
Fuel		8,239	
Landfill		86,140	
Contract services		287,607	
Supplies		8,896	
Vehicle maintenance		7,288	
Capital Outlay		116,033	
Miscellaneous		504	
	<u>579,158</u>	<u>559,456</u>	<u>19,702</u>
<b>Total environmental protection</b>	<u>579,158</u>	<u>559,456</u>	<u>19,702</u>

**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits		74,046	
Insurance - other		1,684	
Advertising		1,554	
Employee development		4,913	
Telephone and postage		1,102	
Departmental supplies		1,108	
NCDOT bike planning grant		5,250	
Miscellaneous		5,473	
	98,770	95,130	3,640
<b>Total economic and physical development</b>	<b>98,770</b>	<b>95,130</b>	<b>3,640</b>
Public Services:			
Beach Access			
Salaries and employee benefits		27,249	
Parking supplies		5,292	
Building maintenance		3,383	
Department supplies		21,467	
Janitorial supplies		6,758	
Small equipment		3,035	
Professional services		13,400	
Miscellaneous		14,888	
	101,772	95,472	6,300
Community Events/Recreation:			
Contracted services		75,527	
Supplies		17,417	
Community promotions		83,037	
Christmas event		5,412	
	261,590	181,393	80,197
<b>Total public services</b>	<b>363,362</b>	<b>276,865</b>	<b>86,497</b>



**Town of Atlantic Beach, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Debt retirement:			
Principal		300,734	
Interest		92,391	
	<u>393,813</u>	<u>393,125</u>	<u>688</u>
Contingency	40,529	-	40,529
Total expenditures	<u>6,731,063</u>	<u>6,198,858</u>	<u>532,205</u>
Revenue over (under) expenditures	<u>(1,207,619)</u>	<u>(546,273)</u>	<u>661,346</u>
<b>Other financing sources</b>			
Transfers from other funds:			
Public utilities fund	130,000	156,333	26,333
Capital reserve fund	103,177	103,177	
Proceeds from sale of assets	40,000	41,046	1,046
Loan Proceeds	363,249	363,249	-
Total other financing sources (uses)	<u>\$ 636,426</u>	<u>\$ 663,805</u>	<u>\$ 27,379</u>
Fund balance appropriated	(571,193)	-	(571,193)
Net Change in fund balance	<u>\$ -</u>	117,532	<u>\$ 117,532</u>
Fund balances, beginning		5,534,972	
Fund balances, ending		<u>\$ 5,652,504</u>	



**This Page Intentionally Left Blank**

### **Special Revenue Fund**

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

Capital Reserve Fund – Accounts for the accumulation of resources for major capital purchases.



**This Page Intentionally Left Blank**

**Town of Atlantic Beach, North Carolina**  
**Capital Reserve Fund - Non Major Governmental Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2013**

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Interest income	\$ -	\$ 57,930	\$ 970	\$ 58,900
Occupancy tax income	100,000	100,000	-	100,000
Total revenue	100,000	157,930	970	158,900
<b>Other financing sources/(uses):</b>				
Transfer (to)/from General Fund	(100,000)	180,105	(103,177)	76,928
Total other financing sources (uses)	(100,000)	180,105	(103,177)	76,928
Net change in fund balance	\$ -	\$ 338,035	\$ (102,207)	\$ 235,828
Fund balance, beginning			338,035	
Fund balance, ending			\$ 235,828	



**This Page Intentionally Left Blank**

## **Enterprise Fund**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Public Utilities Fund – This fund is used to account for the operating activities of the Water Department.



**This Page Intentionally Left Blank**



**Town of Atlantic Beach, North Carolina**  
**Enterprise Fund - Public Utilities Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Non-GAAP**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Utility Charges	\$ 980,000	\$ 926,337	\$ (53,663)
Total operating revenues	980,000	926,337	(53,663)
Non-operating revenues:			
Interest earnings	9,450	7,085	(2,365)
Availability fees	5,000	4,895	(105)
Fire hydrants	5,085	5,088	3
Late fees	15,000	20,114	5,114
Reconnect fees	50	275	225
Storm water impact fees	146,500	158,864	12,364
Connection fees	450	1,800	1,350
Impact fees	3,000	15,000	12,000
Other	850	900	50
Total non-operating revenues	185,385	214,021	28,636
Total revenues	1,165,385	1,140,358	(25,027)
<b>Expenditures:</b>			
Administration:			
Salaries	443,345	440,052	3,293
Social Security	14,100	13,031	1,069
Retirement	24,530	23,580	950
Pension	9,215	8,670	545
Insurance - health	31,600	31,072	528
Workman's comp	7,500	5,175	2,325
Communication	4,000	2,259	1,741
Employee development	4,000	3,903	97
Departmental supplies	17,300	16,356	944
Capital outlay	10,000	8,549	1,451
Membership dues	4,200	3,769	431
Total administration	569,790	556,416	13,374

(continued)

**Town of Atlantic Beach, North Carolina**  
**Enterprise Fund - Public Utilities Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Non-GAAP**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
Water treatment and distribution:			
Contracted services - maintenance	59,500	55,105	4,395
Fuel	23,182	16,941	6,241
Lab Analysis	18,000	17,254	746
Repairs and maintenance - equipment	25,300	23,201	2,099
Insurance - other	30,000	22,888	7,112
Postage	18,000	17,700	300
Utilities	60,000	58,226	1,774
Building Maintenance	10,000	7,673	2,327
Supplies - for operations	98,000	89,721	8,279
Supplies - for inventory	282,000	256,221	25,779
Uniforms	3,350	3,262	88
Vehicle maintenance	5,200	5,072	128
Miscellaneous	3,313	70	3,243
Total water treatment and distribution	<u>635,845</u>	<u>573,334</u>	<u>62,511</u>
Capital outlay:	<u>146,000</u>	<u>144,506</u>	<u>1,494</u>
Total capital outlay	<u>146,000</u>	<u>144,506</u>	<u>1,494</u>
Total expenditures	<u>1,351,635</u>	<u>1,274,256</u>	<u>77,379</u>
Revenue over (under) expenditures	<u>(186,250)</u>	<u>(133,898)</u>	<u>52,352</u>

(continued)

**Town of Atlantic Beach, North Carolina**  
**Enterprise Fund - Public Utilities Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
**Non-GAAP**  
**For the Fiscal Year Ended June 30, 2013**

	2013		Variance
	Budget	Actual	Positive (Negative)
<b>Other Financing Sources/(Uses)</b>			
Fund balance appropriated	316,250	-	(316,250)
Transfer to General Fund	(130,000)	(156,333)	(26,333)
Total other financing (uses)	186,250	(156,333)	(342,583)
Revenues under expenditures and other financing sources (uses)	\$ -	(290,231)	\$ (290,231)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Capital Outlay		144,506	
Depreciation		(231,499)	
Total		(86,993)	
Change in net position		\$ (377,224)	



**This Page Intentionally Left Blank**

### **Additional and Required Financial Data**

Section I contains other additional financial information that provides detailed analysis of particular aspects of the Town's financial position or results of operations.

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



**This Page Intentionally Left Blank**

**Town of Atlantic Beach, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended June 30, 2013**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2012</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 2,815,743	\$ 2,800,423	15,320
2011-2012	25,235	-	20,797	4,438
2010-2011	2,533	-	1,768	765
2009-2010	677	-	9	668
2008-2009	60	-	6	54
2007-2008	-	-	-	-
2006-2007	1,377	-	-	1,377
2005-2006	1,220	-	1,220	-
	<u>\$ 31,102</u>	<u>\$ 2,815,743</u>	<u>\$ 2,824,223</u>	<u>\$ 22,622</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 2,827,985
Reconciling items:	
Interest collected	(9,495)
Discounts allowed	1,039
Releases and other credits	<u>4,694</u>

Total ad valorem collections	<u>\$ 2,824,223</u>
------------------------------	---------------------

**Town of Atlantic Beach, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2013**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current					
year's rate	\$ 1,650,197,059	0.170	\$ 2,805,335	\$ 2,766,679	\$ 38,656
Total	<u>1,650,197,059</u>		<u>2,805,335</u>	<u>2,766,679</u>	<u>38,656</u>
Discoveries:					
Current year taxes	12,689,412	0.170	\$ 21,572	21,039	533
Total	<u>1,662,886,471</u>		<u>2,826,907</u>	<u>2,787,718</u>	<u>39,189</u>
Abatements	(6,567,059)	0.170	(11,164)	(9,776)	(1,388)
Total property valuation	<u>\$ 1,656,319,412</u>				
Net levy			2,815,743	2,777,942	37,801
Uncollected taxes at June 30, 2013			<u>(15,320)</u>	<u>(10,587)</u>	<u>(4,733)</u>
Current year's taxes collected			<u>\$ 2,800,423</u>	<u>\$ 2,767,355</u>	<u>\$ 33,068</u>
Current levy collection percentage			<u>99.46%</u>	<u>99.62%</u>	<u>87.48%</u>



**Statistical Section**  
**Unaudited**



**This Page Intentionally Left Blank**

**Town of Atlantic Beach  
Description of the Statistical Schedules  
June 30, 2013**

**Contents**

<b>Financial Trends</b>	<b>Table</b>
These schedules contain trend information to assist users in understanding and assessing how the Town's financial position has changed over time.	1 - 4
<b>Revenue Capacity</b>	
These schedules contain information to assist users in understanding and assessing the factors affecting the Town's ability to generate its own-source revenues.	5 - 8
<b>Debt Capacity</b>	
These schedules present information to assist users in understanding and assessing the Town's debt burden and its ability to issue additional debt.	9 - 12
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic information to assist users in understanding the environment within which the Town operates.	13
<b>Operating Information</b>	
These schedules contain service and infrastructure data to assist readers in understanding and assessing how the Town's financial report relates to the services the Town provides and the activities it performs.	14-17

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

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

**Table 1**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>										
Net position:										
Invested in capital assets, net of related debt	\$ 4,006,135	\$ 3,556,987	\$ 3,197,982	\$ 2,751,369	\$ 2,617,018	\$ 2,570,315	\$ 2,335,942	\$ 766,911	\$ 1,057,558	\$ 1,132,608
Restricted - Streets -P.Bill	185,307	156,533	167,736	377,427	353,406	307,546	266,799	355,530	286,487	219,985
Restricted - State Statute	351,456	354,059	391,994							
Unrestricted	4,877,637	4,932,707	4,901,359	5,091,272	4,956,440	4,271,874	3,299,719	4,101,143	2,616,077	2,319,077
Total net position	<u>\$ 9,420,535</u>	<u>\$ 9,000,286</u>	<u>\$ 8,659,071</u>	<u>\$ 8,220,068</u>	<u>\$ 7,926,864</u>	<u>\$ 7,149,735</u>	<u>\$ 5,902,460</u>	<u>\$ 5,223,584</u>	<u>\$ 3,960,122</u>	<u>\$ 3,671,670</u>
<b>Business Type Activities</b>										
Net position:										
Invested in capital assets, net of related debt	\$ 2,923,729	\$ 3,037,055	\$ 3,060,385	\$ 3,131,135	\$ 3,326,753	\$ 3,494,054	\$ 3,484,342	\$ 3,557,405	\$ 3,670,084	\$ 3,879,381
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,951,590	2,215,488	2,334,469	2,349,454	2,149,696	2,055,076	2,394,176	2,458,923	2,104,258	1,763,544
Total net position	<u>\$ 4,875,319</u>	<u>\$ 5,252,543</u>	<u>\$ 5,394,854</u>	<u>\$ 5,480,589</u>	<u>\$ 5,476,449</u>	<u>\$ 5,549,130</u>	<u>\$ 5,878,518</u>	<u>\$ 6,016,328</u>	<u>\$ 5,774,342</u>	<u>\$ 5,642,925</u>
<b>Total Primary Government</b>										
Net position:										
Invested in capital assets, net of related debt	\$ 6,929,864	\$ 6,594,042	\$ 6,258,367	\$ 5,882,504	\$ 5,943,771	\$ 5,145,374	\$ 5,820,284	\$ 4,324,316	\$ 4,727,642	\$ 5,011,989
Restricted - Streets -P.Bill	185,307	156,533	167,736	377,427	353,406	307,546	266,799	355,530	286,487	219,985
Restricted - State Statute	351,456	354,059	391,994	-	-	-	-	-	-	-
Unrestricted	6,829,227	7,148,195	7,235,828	7,440,726	7,106,136	7,245,945	5,693,895	6,560,066	4,720,335	4,082,621
Total net position	<u>\$ 14,295,854</u>	<u>\$ 14,252,829</u>	<u>\$ 14,053,925</u>	<u>\$ 13,700,657</u>	<u>\$ 13,403,313</u>	<u>\$ 12,698,865</u>	<u>\$ 11,780,978</u>	<u>\$ 11,239,912</u>	<u>\$ 9,734,464</u>	<u>\$ 9,314,595</u>

Notes:

1. Town adopted GASB 34 for Fiscal Year ended June 30, 2004

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

**Table 2**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Program revenues:										
Charges for services							\$ 954,316	\$ 906,289	\$ 886,230	\$ 770,022
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	532,682	503,019	429,284	384,492	433,747	336,939	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	58,641	60,995	56,476	53,662	54,166	51,300	-	-	-	-
Environmental Protection	517,538	518,760	519,316	515,609	514,593	504,988	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	267,984	266,272	169,915	84,438	182,277	122,820	455,467	518,975	105,807	179,594
Capital Grants & Contributions	-	-	80,000	-	30,000	-	265,393	371,476	-	-
General revenues:										
Property taxes	2,819,505	2,835,564	2,870,414	2,874,994	2,871,129	3,393,084	2,372,676	2,040,535	2,004,824	1,949,565
Other taxes	22,742	23,181	20,699	20,270	21,539	17,534	18,779	116,206	112,301	146,986
Unrestricted intergovernmental revenues:										
Local option sales tax	960,118	914,057	829,358	841,881	1,044,378	993,403	905,207	848,824	784,138	613,651
Carteret County ABC revenue	107,870	105,156	102,922	53,702	62,122	64,874	71,030	73,833	101,814	113,891
Utilities franchise tax	188,339	184,028	208,444	204,847	194,759	181,411	176,341	162,584	165,410	165,576
Cable vision franchise tax	92,300	94,653	124,288	124,388	128,329	120,394	111,049	39,130	37,103	34,805
Telecommunications sales tax	44,151	47,493	48,468	51,022	53,216	48,688	43,061	46,555	38,308	35,706
Other intergovernmental revenues	10,930	11,475	12,139	6,978	12,860	12,846	43,619	32,711	30,296	7,645
Gain (loss) on disposal of assets	-	-	(138)	6,000	-	-	-	1,029,328	-	-
Other	55,431	26,372	29,298	64,259	124,668	239,093	919,980	166,560	52,261	80,815
Total Revenues	5,678,231	5,591,025	5,500,883	5,286,542	5,727,783	6,087,374	6,336,918	6,353,006	4,318,492	4,098,256
Expenses:										
General Government	1,068,784	1,187,227	1,168,657	1,215,910	1,333,389	1,200,796	664,737	506,848	584,307	625,401
Public Safety	2,888,154	3,093,509	3,007,024	3,025,793	2,912,027	2,803,457	2,840,052	2,581,637	2,368,447	2,410,147
Transportation	531,179	478,512	624,524	425,540	382,097	437,038	706,994	644,965	9,238	7,131
Economic & Physical Development	99,748	114,032	90,149	79,807	112,193	152,834	-	-	-	-
Environmental Protection	443,724	437,892	319,445	419,622	394,632	416,381	1,499,528	1,443,899	1,160,722	1,081,454
Parks and Recreation	301,301	205,558	100,741	23,995	-	-	-	-	-	-
Interest on Long-Term Debt	81,425	103,169	127,753	158,410	174,271	179,920	191,533	80,197	32,326	14,979
Water	-	-	-	-	-	-	-	-	-	-
Total Expenses	5,414,315	5,619,899	5,438,293	5,349,077	5,308,609	5,190,426	5,902,844	5,257,546	4,155,040	4,139,112
Increase (decrease) in net position before transfers	263,916	(28,874)	62,590	(62,535)	419,174	896,948	434,074	1,095,460	163,452	(40,856)
Transfers	156,333	370,089	376,413	355,737	357,955	350,125	344,333	168,000	125,000	125,000
Increase (decrease) in net position	420,249	341,215	439,003	293,202	777,129	1,247,073	778,407	1,263,460	288,452	84,144

Notes:

1. Town adopted GASB 34 for Fiscal Year ended June 30, 2004

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

**Table 2.1**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Program revenues:										
Charges for services-Water	\$ 1,133,273	\$ 1,150,477	\$ 1,206,785	\$ 1,171,130	\$ 1,089,455	\$ 967,728	\$ 967,400	\$ 1,018,458	\$ 996,118	\$ 928,482
Operating grants and contribution:	-	-	-	-	-	-	-	-	-	-
Capital Grants & Contributions	-	-	-	-	-	-	-	-	-	-
General revenues:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues:										
Local option sales tax	-	-	-	-	-	-	-	-	-	-
Carteret County ABC revenue	-	-	-	-	-	-	-	-	-	-
Utilities franchise tax	-	-	-	-	-	-	-	-	-	-
Cable vision franchise tax	-	-	-	-	-	-	-	-	-	-
Telecommunications sales tax	-	-	-	-	-	-	-	-	-	-
Other intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-	-	-	(968)	-	-
Other	7,085	8,840	11,006	80,737	55,449	96,083	123,203	94,996	44,887	49,718
Total Revenues	1,140,358	1,159,317	1,217,791	1,251,867	1,144,904	1,063,811	1,090,603	1,112,486	1,041,005	978,200
Expenses:										
General Government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and Physical Developmen	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,361,249	931,539	927,113	891,990	859,629	1,043,074	884,080	702,499	784,588	804,941
Total Expenses	1,361,249	931,539	927,113	891,990	859,629	1,043,074	884,080	702,499	784,588	804,941
Increase (decrease) in net position before transfers	(220,891)	227,778	290,678	359,877	285,275	20,737	206,523	409,987	256,417	173,259
Transfers	(156,333)	(370,089)	(376,413)	(355,737)	(357,955)	(350,125)	(344,333)	(168,000)	(125,000)	(125,000)
Increase (decrease) in net position after transfers	(377,224)	(142,311)	(85,735)	4,140	(72,680)	(329,388)	(137,810)	241,987	131,417	48,259

Notes:

1. Town adopted GASB 34 for Fiscal Year ended June 30, 2004

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

**Table 2.2**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Program revenues:										
Charges for services							\$ 1,921,716	\$ 1,924,747	\$ 1,882,348	\$ 1,698,504
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	532,682	503,019	429,284	384,492	433,747	336,939	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic/Physical Development	58,641	60,995	56,476	53,662	54,166	51,300	-	-	-	-
Environmental Protection	517,538	518,760	519,316	515,609	514,593	504,988	-	-	-	-
Water	1,133,273	1,150,477	1,206,785	1,171,130	1,089,455	967,728	-	-	-	-
Operating grants and contributions	267,984	266,272	169,915	84,438	182,277	122,820	455,467	518,975	105,807	179,594
Capital Grants & Contributions	-	-	80,000	-	30,000	-	265,393	371,476	-	-
General revenues:										
Property taxes	2,819,505	2,835,564	2,870,414	2,874,994	2,871,129	3,393,084	2,372,676	2,040,535	2,004,824	1,949,565
Other taxes	22,742	23,181	20,699	20,270	21,539	17,534	18,779	116,206	112,301	146,986
Unrestricted intergovernmental revenues:										
Local option sales tax	960,118	914,057	829,358	841,881	1,044,378	993,403	905,207	848,824	784,138	613,651
Carteret County ABC revenue	107,870	105,156	102,922	53,702	62,122	64,874	71,030	73,833	101,814	113,891
Utilities franchise tax	188,339	184,028	208,444	204,847	194,759	181,411	176,341	162,584	165,410	165,576
Cable vision franchise tax	92,300	94,653	124,288	124,388	128,329	120,394	111,049	39,130	37,103	34,805
Telecommunications sales tax	44,151	47,493	48,468	51,022	53,216	48,688	43,061	46,555	38,308	35,706
Other intergovernmental revenues	10,930	11,475	12,139	6,978	12,860	12,846	43,619	32,711	30,296	7,645
Gain (loss) on disposal of assets	-	-	(138)	6,000	-	-	-	1,028,360	-	-
Other	62,516	35,212	40,304	144,996	180,117	335,176	1,043,183	261,556	97,148	130,533
Total Revenues	6,818,589	6,750,342	6,718,674	6,538,409	6,872,687	7,151,185	7,427,521	7,465,492	5,359,497	5,076,456
Expenses:										
General Government	1,068,784	1,187,227	1,168,657	1,215,910	1,333,389	1,200,796	664,737	506,848	584,307	625,401
Public safety	2,888,154	3,093,509	3,007,024	3,025,793	2,912,027	2,803,457	2,840,052	2,581,637	2,368,447	2,410,147
Transportation	531,179	478,512	624,524	425,540	382,097	437,038	706,994	644,965	9,238	7,131
Economic and Physical Development	99,748	114,032	90,149	79,807	112,193	152,834	-	-	-	-
Environmental Protection	443,724	437,892	319,445	419,622	394,632	416,381	1,499,528	1,443,899	1,160,722	1,081,454
Parks and Recreation	301,301	205,558	100,741	23,995	-	-	-	-	-	-
Interest on Long-Term Debt	81,425	103,169	127,753	158,410	174,271	179,920	191,533	80,197	32,326	14,979
Water	1,361,249	931,539	927,113	891,990	859,629	1,043,074	884,080	702,499	784,588	804,941
Total Expenses	6,775,564	6,551,438	6,365,406	6,241,067	6,168,238	6,233,500	6,786,924	5,960,045	4,939,628	4,944,053
Increase (decrease) in net position before transfers	43,025	198,904	353,268	297,342	704,449	917,685	640,597	1,505,447	419,869	132,403
Transfers				-	-	-	-	-	-	-
Increase (decrease) in net position after transfers	\$ 43,025	\$ 198,904	\$ 353,268	\$ 297,342	\$ 704,449	\$ 917,685	\$ 640,597	\$ 1,505,447	\$ 419,869	\$ 132,403

Notes:

1. Town adopted GASB 34 for Fiscal Year ended June 30, 2004

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

**Table 3**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Restricted for:										
State statute	\$351,456	\$354,059	\$391,994	\$341,800	\$338,399	\$340,476	\$426,499	\$806,956	\$ 283,918	\$ 275,572
Streets Powell bill	185,307	156,533	167,736	377,427	353,406	\$307,546	266,799	355,530	286,487	219,985
Unassigned, General Fund	5,115,741	5,024,380	4,961,504	4,756,227	4,538,848	3,851,623	1,051,799	1,450,037	2,132,462	1,954,552
Assigned - Subsequent										
Year's Expenditures	-	-	-	-	-	-	445,230			
Total	5,652,504	5,534,972	5,521,234	5,475,454	5,230,653	4,499,645	2,190,327	2,612,523	2,702,867	2,450,109
All other Governmental										
Funds										
Assigned, reported in:										
Special Revenue Funds	235,828	338,035	336,902	335,557	334,380	355,325	1,612,072	2,017,692	299,702	197,625
Total Fund Balances of										
Governmental Funds	\$5,888,332	\$5,873,007	\$5,858,136	\$5,811,011	\$5,565,033	\$4,854,970	\$3,802,399	\$4,630,215	\$3,002,569	\$2,647,734



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

**Table 4**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>REVENUES</b>										
Ad valorem taxes	\$ 2,827,985	\$ 2,814,843	\$ 2,871,282	\$ 2,911,432	\$ 2,845,137	\$ 3,390,177	\$ 2,375,991	\$ 2,039,078	\$ 2,002,632	\$ 1,948,643
Other taxes and licenses	22,742	23,181	20,699	20,270	21,539	17,534	923,986	865,030	896,439	826,115
Unrestricted intergovernmental	1,403,708	1,356,862	1,325,619	1,282,818	1,495,664	1,421,616	445,100	354,813	372,931	377,922
Restricted intergovernmental	260,084	257,236	239,374	74,921	204,977	100,213	718,610	881,438	136,446	118,597
Permits and fees	158,723	118,539	122,504	127,390	176,469	95,761	233,733	282,982	276,179	266,862
Sales and services	906,816	876,180	846,075	801,721	790,277	731,062	678,528	606,360	544,253	527,360
Investment earnings	15,735	25,239	24,355	47,356	111,826	170,210	114,148	110,996	52,286	24,190
Miscellaneous	56,792	78,610	47,038	34,169	43,062	89,010	743,302	25,960	35,135	93,422
Total revenues	5,652,585	5,550,690	5,496,946	5,300,077	5,688,951	6,015,583	6,233,398	5,166,657	4,316,301	4,183,111
<b>EXPENDITURES</b>										
Current:										
General government	1,009,350	1,139,634	1,120,438	1,164,434	1,235,362	1,120,346	613,479	597,341	543,186	558,815
Public safety	2,688,525	2,877,657	2,801,622	2,757,490	2,658,210	2,606,088	2,713,204	2,625,591	2,248,759	2,805,526
Transportation	512,795	469,745	501,367	431,225	421,171	408,287	200,212	14,008	9,238	15,131
Environmental Protection	443,423	436,142	427,808	418,975	394,416	416,698	2,123,498	2,100,513	1,154,989	1,076,810
Economic & Physical Development	95,130	113,027	89,577	79,455	112,487	150,388	-	-	-	-
Public Services	276,865	200,321	92,396	23,556	-	-	-	-	-	-
Capital outlay	779,645	134,285	320,122	51,111	9,387	527,203	1,248,920	4,000,000	2,167	2,937
Debt service:										
Principal	300,734	446,717	344,717	342,183	339,731	323,296	317,790	339,643	121,716	86,463
Interest and other charges	92,391	107,995	140,428	164,310	178,922	182,122	196,026	24,129	30,445	16,127
Total expenditures	6,198,858	5,925,523	5,838,475	5,432,739	5,349,686	5,734,428	7,413,129	9,701,225	4,110,500	4,561,809
Revenue over (under) expenditures	(546,273)	(374,833)	(341,529)	(132,662)	339,265	281,155	(1,179,731)	(4,534,568)	205,801	(378,698)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from other funds	259,510	370,089	376,413	355,737	357,955	350,125	432,084	168,000	225,000	225,000
Transfers to/from major funds	-	-	-	-	27,040	1,271,448	424,705	(1,562,426)	(100,000)	(100,000)
Proceeds from sale of assets	41,046	16,890	7,298	6,000	-	41,728	-	1,820,000	-	-
Proceeds from insurance recovery	-	1,592	3,598	15,726	6,748	12,454	-	-	-	-
Proceeds from issuance of debt	363,249	-	-	-	-	352,205	-	4,018,650	24,034	541,320
Total other financing sources (uses)	663,805	388,571	387,309	377,463	391,743	2,027,960	856,789	4,444,224	149,034	666,320
<b>Net change in fund balance</b>	<b>\$ 117,532</b>	<b>\$ 13,738</b>	<b>\$ 45,780</b>	<b>\$ 244,801</b>	<b>\$ 731,008</b>	<b>\$ 2,309,115</b>	<b>\$ (322,942)</b>	<b>\$ (90,344)</b>	<b>\$ 354,835</b>	<b>\$ 287,622</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>7.64%</b>	<b>9.92%</b>	<b>8.94%</b>	<b>9.45%</b>	<b>9.71%</b>	<b>9.71%</b>	<b>8.34%</b>	<b>6.38%</b>	<b>3.70%</b>	<b>2.25%</b>

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

**Table 5**

Fiscal Year Ending <u>June 30</u>	Real <u>Property</u>	Personal <u>Property</u>	Public Service <u>Companies</u>	Less Elderly <u>Exemptions</u>	Total Assessed <u>Value</u>	Total Direct <u>Tax Rate</u>	Estimated Actual Taxable <u>Value</u>	Taxable Assessed Value as a Percentage of Actual Taxable Value of Real <u>Property</u>
2004	794,036,967	47,597,889	4,696,679	788,057	845,543,478	0.23	785,593,687	92.45%
2005	803,693,168	61,190,081	4,725,284	542,942	869,065,591	0.23	761,531,445	86.62%
2006	817,100,105	65,528,842	3,954,991	526,896	886,057,042	0.23	704,579,109	77.79%
2007	845,045,930	66,289,085	4,016,484	583,742	914,767,757	0.26	580,467,587	60.44%
2008	2,184,426,996	46,116,975	5,294,608	461,956	2,235,376,623	0.15	2,235,376,623	100.00%
2009	2,206,535,463	67,434,807	5,620,078	921,500	2,278,668,848	0.125	2,243,364,281	98.40%
2010	2,220,996,342	66,647,301	5,877,921	736,307	2,292,785,257	0.125	2,573,741,294	112.65%
2011	2,223,162,384	46,056,211	5,634,668	1,142,611	2,273,710,652	0.125	2,229,914,353	98.03%
2012	1,579,468,406	44,360,560	5,469,687	823,322	1,628,475,331	0.170	1,776,313,574	109.36%
2013	1,580,538,840	46,548,292	5,258,224	1,308,472	1,631,036,884	0.170	Not available	Not available

Source: Carteret County Tax Scrolls

Notes:

1. The NC General Statutes require a revaluation of real property at least every eight years. Real property is valued at 100% of estimated value as of the date of the latest revaluation. The last revaluation was effective for the fiscal year ending June 30, 2012.
2. Personal property is valued at 100% of estimated value.
3. Public service property is generally valued at 100% of estimated value. It may be valued at less than 100% in years in which the County's sales to assessment ratio on real property is less than 80%.
4. The Town bills and collects property taxes for real, public service, non-registered motor vehicles and personal property. Carteret County bills and collects property taxes for registered motor vehicles on behalf of the Town. The values reported above include property taxes billed and collected by the Town and County.

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

**Table 6**

Fiscal Year Ended <u>June 30</u>	Direct Rate <u>Atlantic Beach</u>	Overlapping Rate <u>Carteret County</u>
2004	0.23	0.42
2005	0.23	0.42
2006	0.23	0.42
2007	0.26	0.44
2008	0.15	0.23
2009	0.125	0.23
2010	0.125	0.23
2011	0.125	0.23
2012	0.17	0.30
2013	0.17	0.29

Notes:

1. Source of County tax rates - Carteret County tax office

## Table 7

Notes:

1. Values reported above include amounts for property billed and collected by the Town. It excludes values for registered motor vehicles billed and collected by Carteret County on behalf of the Town.

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

**Table 8**

Fiscal Year Ended <u>June 30</u>	Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the Levy		Collections in Subsequent <u>Years</u>	Total Collections to Date	
		<u>Amount</u>	Percentage <u>of Levy</u>		<u>Amount</u>	Percentage <u>of Levy</u>
2004	1,944,750	1,938,355	99.67%	5,474	1,943,829	99.95%
2005	1,998,851	1,992,794	99.70%	5,811	1,998,605	99.99%
2006	2,037,932	2,030,051	99.61%	6,205	2,036,256	99.92%
2007	2,379,271	2,368,276	99.54%	5,437	2,373,714	99.77%
2008	3,392,455	3,378,265	99.58%	4,355	3,382,620	99.71%
2009	2,845,263	2,806,562	98.64%	38,639	2,845,201	100.00%
2010	2,843,721	2,839,914	99.87%	3,138	2,843,052	99.98%
2011	2,842,798	2,833,036	99.66%	9,604	2,842,640	99.99%
2012	2,769,501	2,748,169	99.23%	17,480	2,765,649	99.86%
2013	2,777,939	2,767,352	99.62%	0	2,767,352	99.62%

Source: Town of Atlantic Beach Tax Reports

**Town of Atlantic Beach  
Computation of Legal Debt Margin  
June 30, 2013**

**Table 9**

Total Assessed Valuation	\$ 1,656,319,412
Legal Debt Margin:	
Debt Limit 8% of Total Assessed Value	132,505,553
Amount of Debt Applicable to Debt Limit	<u>2,686,746</u>
Legal Debt Margin	<u><u>\$ 129,818,807</u></u>

**Town of Atlantic Beach**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2013**

**Table 10**

	Net General Obligation Bonded Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	\$ 2,686,746	100%	\$ 2,686,746
Overlapping:			
Carteret County	40,605,000	10.91%	4,430,954
	<u>\$ 43,291,746</u>		<u>\$ 7,117,700</u>

Town's assessed valuation	\$ 1,656,319,412
County's assessed valuation	\$ 15,178,413,206
	10.91%

**Notes:**

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

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

**Table 11**

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>General Bonded</u> <u>Debt Outstanding</u>	<u>Population</u> <u>Estimate (1)</u>	<u>GO Debt</u> <u>Per Capita</u>
2004	389345	1765	221
2005	300145	1791	168
2006	204545	1801	114
2007	101845	1812	56
2008	25000	1799	14
2009	0	1800	0
2010	0	1820	0
2011	0	1495	0
2012	0	1506	0
2013	0	1504	0

Notes:

1. NCOSBM Certified Municipal Population Estimates



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

**Table 12**

Fiscal Year Ended June 30,	Governmental Activities		Business Type Activities		Total Primary Government	Population Estimate (1)	Total Debt Per Capita	Personal Income (2)	<u>Total Debt</u>
	<u>General Bonded Debt Outstanding</u>	<u>Installment Contracts</u>	<u>General Bonded Debt Outstanding</u>	<u>Installment Contracts</u>					<u>% of Personal Income</u>
2004	-	804,857	389,345	-	1,194,202	1,765	677	1,886,047	0.06%
2005	-	707,176	300,145	-	1,007,321	1,791	562	2,001,933	0.05%
2006	-	4,386,461	204,545	-	4,591,006	1,801	2,549	2,149,571	0.21%
2007	-	4,068,671	101,845	-	4,170,516	1,812	2,302	2,296,164	0.18%
2008	-	4,097,580	25,000	-	4,122,580	1,799	2,292	2,489,408	0.17%
2009	-	3,757,848	-	-	3,757,848	1,800	2,088	2,490,138	0.15%
2010	-	3,415,665	-	-	3,415,665	1,820	1,877	2,583,758	0.13%
2011	-	3,070,948	-	-	3,070,948	1,495	2,054	2,639,299	0.12%
2012	-	2,624,231	-	-	2,624,231	1,506	1,743	N/A	N/A
2013	-	2,686,746	-	-	2,686,746	1,504	1,786	N/A	N/A

Notes:

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

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

**Table 13**

<b>Fiscal Year Ended <u>June 30,</u></b>	<b><u>Estimated Population (1)</u></b>	<b><u>Unemployment Ratio % (2)</u></b>	<b><u>Per Capita Personal Income (3)</u></b>	<b><u>Personal Income (3)</u></b>
2004	1,765	2.8	30,563	1,886,047
2005	1,791	4.0	32,148	2,001,933
2006	1,801	3.6	33,975	2,149,571
2007	1,821	4.1	36,255	2,296,164
2008	1,799	4.3	38,476	2,489,408
2009	1,800	7.4	37,919	2,490,138
2010	1,820	8.4	38,728	2,583,758
2011	1,495	8.1	39,174	2,639,299
2012	1,506	8.4	N/A	N/A
2013	1,504	7.7	N/A	N/A

**Notes:**

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

**Town of Atlantic Beach  
Principal Employers  
June 30, 2013**

**Table 14**

<b><u>Employer</u></b>	Calendar Year 2012			Calendar Year 2003		
	Employees (FTE's)	Rank	Percentage of Total Employment	Employees (FTE's)	Rank	Percentage of Total Employment
Carteret County Board of Education	1000+	1	N/A	1000+	1	N/A
Carteret General Hospital	500-999	2	N/A	500-999	2	N/A
County of Carteret	250-499	3	N/A	250-499	7	N/A
Wal-Mart Associates, Inc	250-499	4	N/A	500-999	3	N/A
Carteret Community College	250-499	5	N/A	250-499	6	N/A
Century Employer Org LLC	250-499	6				
Food Lion, LLC	250-499	7	N/A	250-499	9	N/A
State of North Carolina	250-499	8	N/A	250-499	8	N/A
Lowes Home Improvement	250-499	9	N/A			
Big Rock Sports LLC	100-249	10	N/A			
SSA Security Inc				250-499	4	N/A
Atlantic Veneer Corp				250-499	5	N/A
Henrys Tackle LLC				100-249	10	N/A

**Notes:**

1. 2012 was most recent year for which information is available and includes full-time and part-time workers. Information not available prior to 2003.
2. Source of information is the Employment Security Commission of North Carolina. Information is available at the county level and presented on that basis.
3. N/A = Information not available.

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

Table 15

<b><u>Functions/Program</u></b>	<b>Fiscal Year</b>						
	2013	2012	2011	2010	2009	2008	2007
General Government:							
Administration	3	3	3	3	3	3	3
Finance	3	3	3	3	3	3	3
Public Buildings (1)	8	8	7	7	6	6	7
Public Safety:							
Police	18	19	19	18	18	17	17
Communications	0	0	0	4	4	5	5
Fire/EMS	14	14	14	14	14	14	14
Inspections	2	2	3	3	3	3	3
Transportation:							
Streets and Highways (1)	8	8	8	8	8	8	8
Economic & Physical Development							
Planning	1	1	1	1	1	1	1
Environmental Protection:							
Solid Waste	1	1	1	1	1	1	1
Water:							
Operations	4	4	4	4	4	4	4
<b>Total</b>	<b>62</b>	<b>63</b>	<b>63</b>	<b>66</b>	<b>65</b>	<b>65</b>	<b>66</b>

Notes:

1. Work-release inmates and contract-labor inmates included in FTE calculations
2. Information not available for prior years.

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

**Table 16**

<b><u>Functions/Program</u></b>	2013	2012	2011	Fiscal Year 2010	2009	2008	2007
Public Safety:							
Police calls answered	30462	36382	33248	15846	16588	16765	17125
Fire calls answered	574	614	395	473	570	629	603
EMS calls answered	509	500	494	485	463	474	483
Lifeguard calls answered	154	133	245	253	267	177	208
Transportation: (Streets & Highways)							
Miles of streets maintained	22.93	22.93	22.93	22.93	22.93	22.93	23.10
Environmental Protection: (Solid Waste & Sanitation)							
Solid waste collected (tons)	2,595	1,726	2,067	2,307	2,071	2,176	1,932
Recyclables collected (tons)	197	167	205	164	184	122	82
Yard debris collected (tons)	404	434	519	517	421	312	339
Public beach accesses (improved w/ structures)	17	17	17	17	17	17	16
Public beach accesses (unimproved)	3	3	3	3	3	3	3
Public beachfront maintained (miles)	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water:							
Number of customers served	6,980	6,984	6,859	6,973	6,998	6,932	6,912
Ave. daily consumption - summer (gallons)	796,674	892,126	1,241,000	1,030,000	856,361	864,000	851,000
Ave. daily consumption - winter (gallons)	401,830	410,725	349,570	360,940	495,344	416,920	389,400

Notes:

1. Information not available for prior years.

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

Table 17

<b>Functions/Program</b>	2013	2012	2011	Fiscal Year 2010	2009	2008	2007
General Government:							
Public beach accesses (improved w/ structures)	17	17	17	17	17	17	16
Public Safety:							
Number of police stations	1	1	1	1	1	1	1
Number of patrol units	20	20	20	20	20	20	27
Number of patrol boats	2	2	2	2	2	2	2
Number of fire/EMS stations	1	1	1	1	1	1	1
Number of engines	2	2	2	2	2	2	2
Number of ambulances	2	2	2	2	2	2	2
Number of rescue trucks	1	1	1	1	1	1	1
Number of rescue boats	1	1	1	1	1	1	1
Transportation: (Streets & Highways)							
Miles of streets	22.93	22.93	22.93	22.93	22.93	22.93	23.10
Environmental Protection: (Solid Waste & Sanitation)							
Number of yard waste trucks	2	2	2	2	2	2	2
Number of backhoes	2	2	2	2	2	2	2
Water:							
Number of Wells	6	6	6	6	6	6	6
Number of water tanks	3	3	3	3	3	3	3
Capacity of water tanks (gallons each)	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Daily max. pumping capacity of wells (gal/day)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	1,740,000	1,740,000
Miles of water mains	50	50	50	50	50	50	50

Notes:

1. Information not available for prior years.

## **Compliance Section**

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



**This Page Intentionally Left Blank**





Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

---

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the Town of Atlantic Beach's basic financial statements, and have issued our report thereon dated October 15, 2013.

**Internal Control Over Financial Reporting**

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
Wilmington, North Carolina  
October 15, 2013

Town of Atlantic Beach, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2013

---

**Section I.      Summary of Auditor's Results**

---

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                          yes                        X  no
  
- Significant Deficiency(s) identified  
that are not considered to be  
material weaknesses        yes                        X  no

Noncompliance material to financial  
statements noted        yes                        X  no

Town of Atlantic Beach, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2013

---

**Section II – Financial Statement Findings**

---

None.

Town of Atlantic Beach, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2013

---

**Section II – Financial Statement Findings**

---

None.