

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

**Comprehensive Annual Financial Report**

**For The Fiscal Year Ended June 30, 2015**

**Prepared by:**

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

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**Town of Atlantic Beach, North Carolina**  
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**June 30, 2015**

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## **Introductory Section**

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



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October 29, 2015

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, 2015, 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, 2015. 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 1,510 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 three (3) for homeowners insurance.

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

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

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

**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 at the Grove, LLC, on the redevelopment of the "Circle" area in downtown Atlantic Beach. This project promises to significantly enhance the business, residential and entertainment infrastructure at the core of the Town. This area has great historical significance to the Town and has served as the focal point for Town activities since its founding in 1937. The Town Council has considered many alternatives over the years and 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 future location for Town facilities and a recreational center while serving as the Town Park with playground, splashpad, greenspace and other amenities in the interim.

The Town also provided assistance with numerous community projects, including the AB Beach Music Festival, Tuna Run 200 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, 2014. This was the fifteenth 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, 2015**

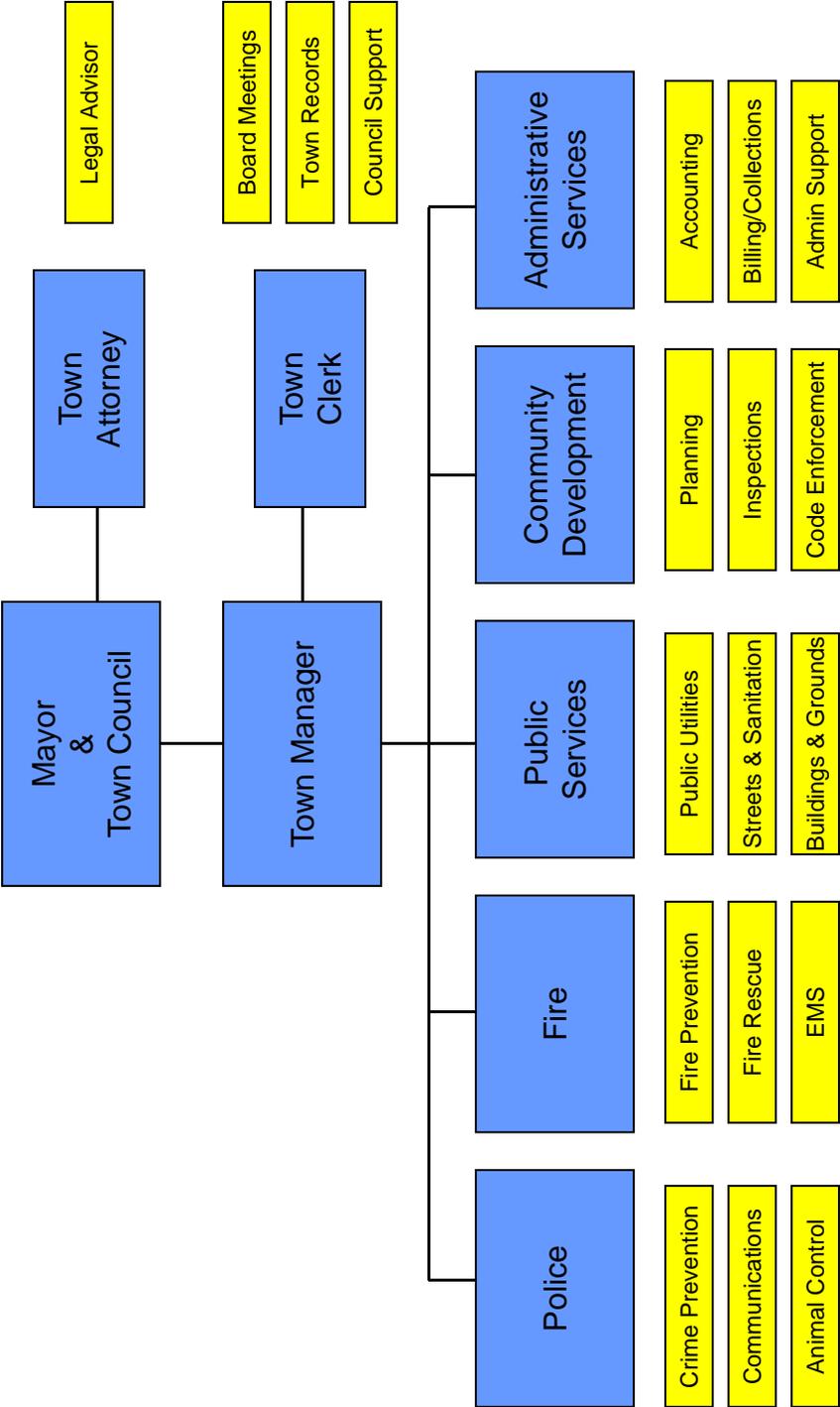
**TOWN COUNCIL**

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

**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  
Jeff Harvey, 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, 2014**

Executive Director/CEO



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## **Financial Section**

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



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## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Atlantic Beach, North Carolina, as of and for the year then ended June 30, 2015, 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, 2015, 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 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and 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 and, other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2015 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.*

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*Thompson, Price, Scott, Adams & Co., P.A*  
*Wilmington, North Carolina*  
*October 15, 2015*

## **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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### **Financial Highlights**

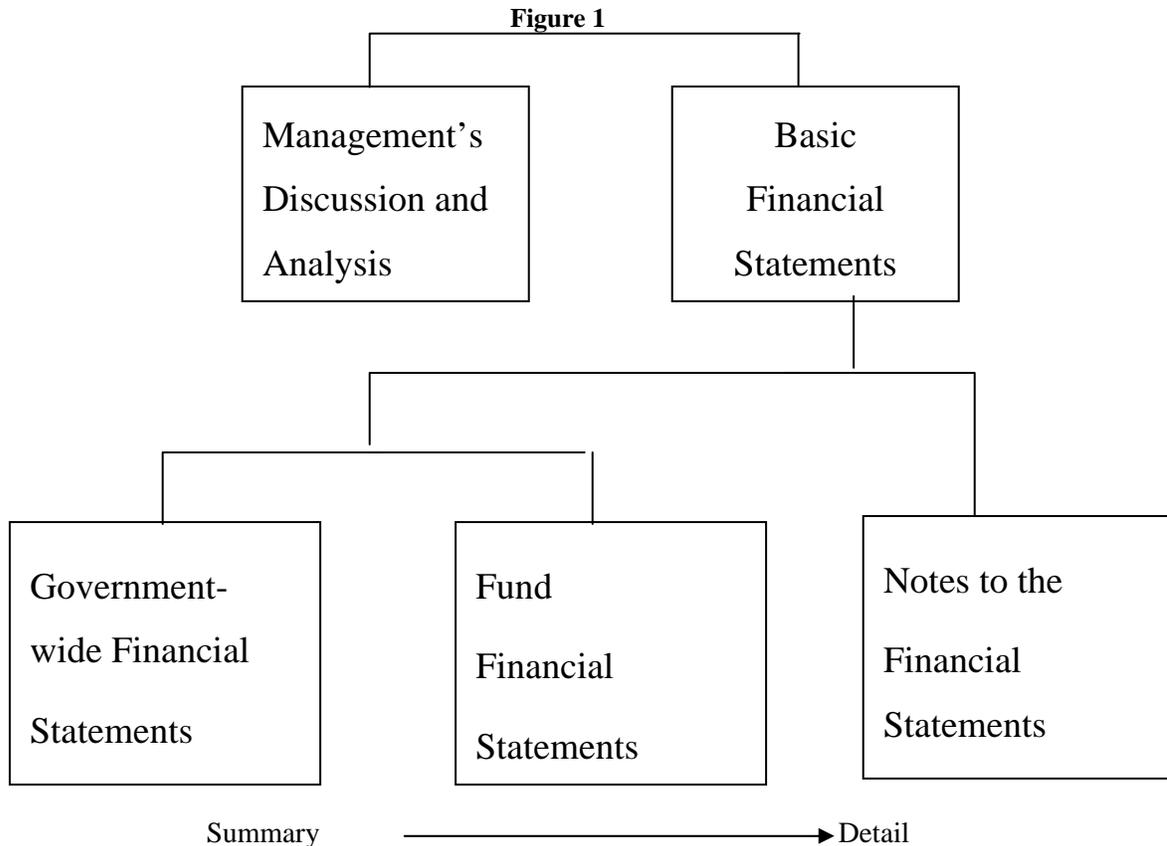
- The assets and deferred outflows of resources of the Town of Atlantic Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,070,497 (net position).
- The government's total net position increased by \$1,180,692 due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,535,104. Approximately 85.1% of this total amount or \$4,707,935 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 \$215,967.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,707,935, or 79.1% of total general fund expenditures (\$5,954,609) for the fiscal year.
- The government's total debt decreased by \$974,168 during the current fiscal year. The majority of this change, \$615,951, is due to the net pension obligation with the Local Government Employer Retirement System, which is a new reporting item beginning this 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



### 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 deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

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

### **Fund Financial Statements**

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

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

## **TOWN OF ATLANTIC BEACH**

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

to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document.

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

**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 59 of this report.

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

# TOWN OF ATLANTIC BEACH

## Management's Discussion and Analysis

### Government-Wide Financial Analysis

#### Town of Atlantic Beach - Net Position

**Figure 2**

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	5,755,487	5,371,659	1,754,185	1,795,968	7,509,672	7,167,627
Capital assets	7,770,674	7,524,439	2,639,622	2,849,277	10,410,296	10,373,716
Other assets	275,298	-	23,939	-	299,237	-
Deferred outflows of resources	329,513	167,324	28,653	14,549	358,166	181,873
Total assets and deferred outflows of resources	<u>14,130,972</u>	<u>13,063,422</u>	<u>4,446,399</u>	<u>4,659,794</u>	<u>18,577,371</u>	<u>17,723,216</u>
Current liabilities	592,859	687,678	53,870	59,440	646,729	747,118
Long-term liabilities	2,082,166	2,443,560	25,045	22,473	2,107,211	2,466,033
Deferred inflows of resources	693,132	570,984	59,802	49,276	752,934	620,260
Total liabilities and deferred inflows of resources	<u>3,368,157</u>	<u>3,702,222</u>	<u>138,717</u>	<u>131,189</u>	<u>3,506,874</u>	<u>3,833,411</u>
Net position						
Net investment in capital assets	5,790,759	5,190,369	2,639,622	2,849,277	8,430,381	8,039,646
Restricted- Streets - Powell Bill	124,689	64,459	-	-	124,689	64,459
Restricted - Stabilization by State Statute	486,513	405,933	-	-	486,513	405,933
Unrestricted	4,360,854	3,700,439	1,668,060	1,679,328	6,028,914	5,379,767
Total Net position	<u>10,762,815</u>	<u>9,361,200</u>	<u>4,307,682</u>	<u>4,528,605</u>	<u>15,070,497</u>	<u>13,889,805</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Atlantic Beach exceeded liabilities by \$15,070,497 as of June 30, 2015. The Town's net position increased by \$1,180,692 for the fiscal year ended June 30, 2015. 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 \$8,430,381. 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 these liabilities. A minor portion of the Town's net assets, \$611,202 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,028,914 is unrestricted. Also, the Town of Atlantic Beach implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$434,078. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Atlantic Beach.

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 99.76%.

# TOWN OF ATLANTIC BEACH

## Management's Discussion and Analysis

### Town of Atlantic Beach - Changes in Net Position

**Figure 3**

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues					-	-
Charges for services	1,257,252	1,037,041	1,435,891	1,188,448	2,693,143	2,225,489
Operating grants & contributions	302,200	217,777			302,200	217,777
Capital grants & contributions	-	-	-	-	-	-
General Revenues					-	-
Property taxes	2,737,747	2,750,669	-	-	2,737,747	2,750,669
Other taxes	1,562	13,951	-	-	1,562	13,951
Unrestricted intergovernmental revenues					-	-
Local option sales tax	1,037,273	980,257	-	-	1,037,273	980,257
Carteret County ABC revenue	167,347	135,328	-	-	167,347	135,328
Utilities franchise tax	309,061	205,112	-	-	309,061	205,112
Cable vision franchise tax	92,565	90,306	-	-	92,565	90,306
Telecommunications sales tax	40,513	42,142	-	-	40,513	42,142
Other intergovernmental revenues	4,442	11,090	-	-	4,442	11,090
Gain (loss) on disposal of assets		-			-	-
Other	103,838	27,946	5,161	6,347	108,999	34,293
Total revenues	<u>6,053,800</u>	<u>5,511,619</u>	<u>1,441,052</u>	<u>1,194,795</u>	<u>7,494,852</u>	<u>6,706,414</u>
<b>Expenses</b>					-	-
General government	1,110,812	772,997	-	-	1,110,812	772,997
Public safety	2,705,676	2,926,342	-	-	2,705,676	2,926,342
Transportation	528,964	466,616	-	-	528,964	466,616
Economic & physical development	15,616	111,892	-	-	15,616	111,892
Environmental protection	445,113	468,563	-	-	445,113	468,563
Parks and recreation	168,692	478,995	-	-	168,692	478,995
Interest on long-term debt	42,337	49,099	-	-	42,337	49,099
Water			1,296,950	1,403,882	1,296,950	1,403,882
Total expenses	<u>5,017,210</u>	<u>5,274,504</u>	<u>1,296,950</u>	<u>1,403,882</u>	<u>6,314,160</u>	<u>6,678,386</u>
Increase (decrease) in net position before transfers	1,036,590	237,115	144,102	(209,087)	1,180,692	28,028
Transfers	365,025	102,900	(365,025)	(102,900)	-	-
	<u>1,401,615</u>	<u>340,015</u>	<u>(220,923)</u>	<u>(311,987)</u>	<u>1,180,692</u>	<u>28,028</u>
Increase (decrease) in net position after transfers	1,401,615	340,016	(220,923)	(311,987)	1,180,692	28,029
Net position, July 1	9,760,551	9,420,535	4,563,332	4,875,319	14,323,883	14,295,854
Restatement	(399,351)	-	(34,727)	-	(434,078)	-
Net position, July 1 after restatement	<u>9,361,200</u>	<u>9,420,535</u>	<u>4,528,605</u>	<u>4,875,319</u>	<u>13,889,805</u>	<u>14,295,854</u>
Net position, June 30	<u>10,762,815</u>	<u>9,760,551</u>	<u>4,307,682</u>	<u>4,563,332</u>	<u>15,070,497</u>	<u>14,323,883</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$1,401,615, thereby accounting for 118% 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 \$220,923. This increase in the Town's net position can be attributed to several factors. While State-shared revenues of telecom franchise tax revenues, were lower than anticipated, this was offset with higher than expected Local option sales tax revenues, utilities franchise tax revenues and local ABC revenues, the Town's strong tax collection rate of 99.76% 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.

## **TOWN OF ATLANTIC BEACH**

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

**Business-type activities.** Business-type activities decreased the Town of Atlantic Beach net position by \$220,923. Water base usage fees remained the same and stormwater fees only increased marginally, to avoid increases during a pressed economic environment. Costs to continue town-wide implementation of 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 \$4,707,935 while total fund balance reached \$5,319,137. 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 \$5,954,609. Unassigned fund balance represents 79.1% of total General Fund expenditures, while total fund balance represents 89.3% of that same amount.

At June 30, 2015, the governmental funds of Town of Atlantic Beach reported a combined fund balance of \$5,535,104, an increase of \$485,953 from last year. Total fund balance for all governmental funds represents 93% of total Governmental Funds expenditures. While there were higher than anticipated revenues, strict oversight of personnel, operating and routine capital expenditures, we used the opportunity to proceed with multiple major projects in lieu of keeping the reserves in the bank producing very minimal interest returns in the low market environment. Some of the major capital purchases included the completion of several large stormwater drainage projects including Hoop Pole Creek, Mobile Dr, Dunes/Robin and Moonlight, renovating to ADA standards the W Money Island beach access and Charlotte Ave beach access, purchase two 4" mobile drainage pumps, purchase of five parking kiosks for the paid parking program, a replacement Police marine patrol boat and replacement of six town vehicles.

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

## **TOWN OF ATLANTIC BEACH**

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

The final amended budget and actual amounts varied, largely due to the downward economic trends and capital projects budgeted and in progress, though not completed by June 30, 2015. 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 other unrestricted intergovernmental taxes. Total revenue realized was approximately \$109,000 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 routine replacement capital outlay to the extent possible, while still providing for the completion of several large storm-water drainage projects including Hoop Pole Creek, Mobile Dr, Dunes/Robin and Moonlight, renovating to ADA standards the W Money Island beach access and Charlotte Ave beach access, purchase two 4" mobile drainage pumps, purchase of five parking kiosks for the paid parking program, a replacement Police marine patrol boat and replacement of six town vehicles, and hosting events to bring more family entertainment opportunities to Atlantic Beach stretching throughout the summer including fireworks during both Memorial weekend and July 4<sup>th</sup> and weekly outdoor movies "by the Sea". Total expenditures were approximately \$376,000 less than budgeted. The Town's focus on improving the infrastructure and completion of major projects while carefully monitoring State-shared revenue trends, maintaining a high local tax collection rate, and selling surplus vehicles and equipment resulted in total expenditures being \$485,515 less than total revenues, with an increase in fund balance of \$506,459 while still maintaining an unassigned fund balance of \$4,707,935.

**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 \$1,668,060. The total change in net position for the Utility Fund was a decrease of \$220,923. 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 continued or completed. Some of these projects were the on-going implementation of an automated meter reading system and purchase of associated meters and transmitters, the replacement of a pickup truck, and the replacement of a backhoe. The Town continues the investigative phases of installing additional water well.

#### **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, 2015, totals \$10,410,296 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles. For the year ending June 30, 2015, some routine replacement vehicle capital outlay purchases were delayed while several major capital outlay projects were completed. Major purchases in the General Fund were the completion of several large stormwater drainage projects including Hoop Pole Creek, Mobile Dr, Dunes/Robin and Moonlight, renovating to ADA standards the W Money Island beach access and Charlotte Ave beach access, purchase two 4" mobile drainage pumps, purchase of five parking kiosks for the paid parking program, a replacement Police marine patrol boat and replacement of six town vehicles. Major purchases in the Utility Fund were the meters and transmitters associated with the on-going automated meter reading replacement program, a pickup truck, and a backhoe.

**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	
	2015	2014	2015	2014	2015	2014
Land	5,222,967	5,222,967	934,400	934,400	6,157,367	6,157,367
Construction in progress	-	-	112,200	112,000	112,200	112,000
Buildings & plant system	361,552	386,682	1,428,478	1,596,481	1,790,030	1,983,163
Infrastructure	1,196,699	1,083,536	-	-	1,196,699	1,083,536
Equipment	119,285	174,175	144,846	181,254	264,131	355,429
Vehicles & motorized equipment	870,171	657,079	19,698	25,142	889,869	682,221
	<u>7,770,674</u>	<u>7,524,439</u>	<u>2,639,622</u>	<u>2,849,277</u>	<u>10,410,296</u>	<u>10,373,716</u>

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

**Long-term Debt.** As of June 30, 2015, the Town of Atlantic Beach had total debt outstanding of \$1,979,915. 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  
Installment Purchase Debt**

**Figure 5**

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Vehicles & motorized equipment	1,979,915	2,334,070	-	-	1,979,915	2,334,070
	<u>1,979,915</u>	<u>2,334,070</u>	<u>-</u>	<u>-</u>	<u>1,979,915</u>	<u>2,334,070</u>

The Town of Atlantic Beach's total installment debt decreased by \$354,155 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 \$130,613,249.

Additional information regarding the Town of Atlantic Beach's long-term debt can be found in note III.B.6 beginning on page 56 of this report.

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

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 6.0%, which is below the State average of 6.1% and above the national average of 5.3%.
- 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, 2016**

The Town of Atlantic Beach budget for the Fiscal Year Ending June 30, 2016 totals \$7,047,894 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 2015-16 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. The General Fund continues to plan for improvements to beach accesses, a skate park at the Town Park, and additional stormwater drainage projects. No fund balance monies were appropriated in the General Fund budget for FY2015-16. The Town intends to increase the Powell Bill reserves for several years planning for another major repaving project in approximately FY2016-17. The Water Fund continues to plan for the additional water well (#2A) and expansion of the AMR meter reading system. The Water Fund capital outlay expenditures include one replacement vehicle. No fund balance monies were appropriated in the Water Fund budget for FY2015-16.

**Governmental Activities.** The Town's largest single source of revenue continues to be generated from ad valorem property taxes, which has been maintained at \$0.165 per \$100 valuation tax rate on a \$1,546,197,255 tax base. As a tax revaluation year, the Town Council approved a tax cut to the citizens in approving a tax rate that was lower than the revenue neutral rate. The \$2,550,000 ad valorem property tax revenue comprises approximately 45% of General Fund estimated revenues.

**Business - type Activities.** The Town's business type activities, which include the Town's water and stormwater services, were budgeted with essentially the same fee schedule as the prior year through November 2015. Effective December 2015, the minimum gallons provided per month will be adjusted downward to coincide with local utility provider trends, while maintaining the same minimum monthly rate and the same price per thousand gallons over the minimum.

### **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.



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**BASIC FINANCIAL STATEMENTS**



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**Town of Atlantic Beach, North Carolina**  
**Statement of Net Position**  
**June 30, 2015**

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,131,994	\$ 1,521,233	\$ 6,653,227
Restricted cash	124,689	9,500	134,189
Taxes receivables (net)	12,291	-	12,291
Accounts receivable (net)	486,513	188,569	675,082
Inventories	-	34,883	34,883
Total current assets	<u>5,755,487</u>	<u>1,754,185</u>	<u>7,509,672</u>
Non-current assets:			
Net pension asset	275,298	23,939	299,237
Capital Assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	5,222,967	1,046,600	6,269,567
Other capital assets, net of depreciation	2,547,707	1,593,022	4,140,729
Total capital assets	<u>7,770,674</u>	<u>2,639,622</u>	<u>10,410,296</u>
Total assets	<u>\$ 13,801,459</u>	<u>\$ 4,417,746</u>	<u>\$ 18,219,205</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	\$ 329,513	\$ 28,653	\$ 358,166
Total deferred outflows of resources	<u>\$ 329,513</u>	<u>\$ 28,653</u>	<u>\$ 358,166</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 202,672	\$ 22,516	\$ 225,188
Accrued interest payable	14,132	-	14,132
Customer advances	-	17,563	17,563
Current portion of long term liabilities	376,055	4,291	380,346
Payable from restricted assets	-	9,500	9,500
Total current liabilities	<u>592,859</u>	<u>44,370</u>	<u>637,229</u>
Long-term liabilities:			
Due in more than one year	2,082,166	25,045	2,107,211
Total long term liabilities	<u>2,082,166</u>	<u>25,045</u>	<u>2,107,211</u>
Total liabilities	<u>2,675,025</u>	<u>69,415</u>	<u>2,744,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	5,420	-	5,420
Pension deferrels	687,712	59,802	747,514
Total deferred inflows of resources	<u>693,132</u>	<u>59,802</u>	<u>752,934</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,790,759	2,639,622	8,430,381
Restricted for:			
Streets - Powell Bill	124,689	-	124,689
Stabilization by State Statute	486,513	-	486,513
Unrestricted	4,360,854	1,668,060	6,028,914
Total net position	<u>\$ 10,762,815</u>	<u>\$ 4,307,682</u>	<u>\$ 15,070,497</u>

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, 2015**

Exhibit 2

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
Governmental Activities:			
General government	\$ 1,110,812	\$ -	\$ -
Public safety	2,705,676	726,246	161,225
Transportation	528,964	-	59,982
Economic and physical development	15,616	-	80,993
Environmental protection	445,113	531,006	-
Parks and recreation	168,692	-	-
Interest on long-term debt	42,337	-	-
Total governmental activities (See Note 1)	5,017,210	1,257,252	302,200
Business-type activities:			
Water	1,296,950	1,435,891	-
Total business-type activities	1,296,950	1,435,891	-
Total primary government	\$ 6,314,160	\$ 2,693,143	\$ 302,200

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Miscellaneous

Insurance Proceeds

Unrestricted investment earnings

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position, beginning, previously reported

Restatement

Net position, beginning, restated

Net position, ending

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, 2015**

Exhibit 2

<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>
\$ (1,110,812)	\$ -	\$ (1,110,812)
(1,818,205)	-	(1,818,205)
(468,982)	-	(468,982)
65,377	-	65,377
85,893	-	85,893
(168,692)	-	(168,692)
(42,337)	-	(42,337)
(3,457,758)	-	(3,457,758)
-	138,941	138,941
-	138,941	138,941
(3,457,758)	138,941	(3,318,817)
2,737,747	-	2,737,747
1,562	-	1,562
1,651,201	-	1,651,201
80,155	-	80,155
15,015	-	15,015
8,668	5,161	13,829
365,025	(365,025)	-
4,859,373	(359,864)	4,499,509
1,401,615	(220,923)	1,180,692
9,760,551	4,563,332	14,323,883
(399,351)	(34,727)	(434,078)
9,361,200	4,528,605	13,889,805
\$ 10,762,815	\$ 4,307,682	\$ 15,070,497

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, 2015**

Exhibit 3

	<b>Major General Fund</b>	<b>Non-Major Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,916,027	\$ 215,967	\$ 5,131,994
Restricted cash	124,689	-	124,689
Receivables, net:			
Taxes	12,291	-	12,291
Accounts	486,513	-	486,513
Total assets	\$ 5,539,520	\$ 215,967	\$ 5,755,487
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 202,672	\$ -	\$ 202,672
Total liabilities	202,672	-	202,672
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	12,291	-	12,291
Prepaid taxes	5,420	-	5,420
Total deferred inflows of resources	17,711	-	17,711
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	\$ 486,513	\$ -	\$ 486,513
Streets - Powell Bill	124,689	-	124,689
Assigned			
Beach Renourishment	-	215,967	215,967
Unassigned	4,707,935	-	4,707,935
Total fund balances	5,319,137	215,967	5,535,104
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,539,520	\$ 215,967	

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, 2015**

Exhibit 3

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

Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported in the funds.

7,770,674

Net pension asset

275,298

Contributions to the pension plan in the  
current fiscal year are deferred outflows of  
resources on the Statement of Net Position

329,513

Liabilities for earned revenues considered deferred inflows  
of resources in fund statements

12,291

Long-term liabilities used in governmental activities are not financial  
uses and therefore are not reported in the funds.

Long-term debt included as net position  
below (includes the addition of long-term  
debt and principal payments during the year.)

(2,458,221)

Pension related deferrals

(687,712)

Other long-term liabilities (accrued interest) are not due and payable  
in the current period and therefore are not reported in the funds.

(14,132)

Net position of governmental activities

\$ 10,762,815

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, 2015**

Exhibit 4

	Major		Total Governmental Funds
	General Fund	Non-Major Fund	
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,748,662	\$ -	\$ 2,748,662
Other taxes and licenses	1,562	-	1,562
Unrestricted intergovernmental	1,651,201	-	1,651,201
Restricted intergovernmental	177,662	-	177,662
Permits and fees	379,055	-	379,055
Sales and services	907,169	-	907,169
Investment earnings	8,114	553	8,667
Miscellaneous	95,566	-	95,566
Total revenues	5,968,991	553	5,969,544
<b>EXPENDITURES</b>			
Current:			
General government	1,050,269	-	1,050,269
Public safety	2,966,200	-	2,966,200
Transportation	806,414	-	806,414
Environmental protection	471,181	-	471,181
Economic and physical development	92,852	-	92,852
Public services	168,692	-	168,692
Debt service:			
Principal	354,155	-	354,155
Interest and other charges	44,846	-	44,846
Total expenditures	5,954,609	-	5,954,609
Revenue over (under) expenditures	14,382	553	14,935
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	386,084	(21,059)	365,025
Proceeds from sale of assets	90,978	-	90,978
Insurance Proceeds	15,015	-	15,015
Total other financing sources (uses)	492,077	(21,059)	471,018
Net change in fund balance	506,459	(20,506)	485,953
Fund balance, beginning	4,812,678	236,473	5,049,151
Fund balance, ending	\$ 5,319,137	\$ 215,967	\$ 5,535,104

(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, 2015**

Exhibit 4

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

Net changes in fund balances - total governmental funds		\$ 485,953
<p>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.</p>		
Capital outlay expenditures which were capitalized	502,222	
Depreciation expense from governmental assets	(291,733)	
Capital assets disposed of during the year	(10,823)	
Capital assets transferred into general fund	46,569	246,235
Net pension asset		275,298
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		329,513
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		(10,915)
<p>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.</p>		
		354,155
<p>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.</p>		
Compensated absences		11,438
Accrued interest payable		2,509
Pension Expense		(288,361)
Net pension obligation		(4,210)
Total changes in net position of governmental activities		\$ 1,401,615

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

## General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2015

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	2,718,000	\$ 2,753,000	\$ 2,748,662	\$ (4,338)
Other taxes and licenses	-	-	1,562	1,562
Unrestricted intergovernmental	1,449,300	1,506,300	1,651,201	144,901
Restricted intergovernmental	2,000	258,397	177,662	(80,735)
Permits and fees	135,000	364,267	379,055	14,788
Sales and services	839,785	862,785	907,169	44,384
Investment earnings	1,000	7,500	8,114	614
Miscellaneous	72,600	107,700	95,566	(12,134)
Total revenues	5,217,685	5,859,949	5,968,991	109,042
Expenditures:				
Current:				
General government	1,132,685	1,244,056	1,050,269	193,787
Public safety	2,868,295	3,085,252	2,966,200	119,052
Transportation	457,385	808,970	806,414	2,556
Environmental protection	477,780	481,805	471,181	10,624
Economic and physical development	95,000	95,000	92,852	2,148
Public services	188,150	196,524	168,692	27,832
Debt service:				
Principal retirement	354,160	354,160	354,155	5
Interest and other charges	44,850	44,850	44,846	4
Contingency	-	20,465	-	20,465
Total expenditures	5,618,305	6,331,082	5,954,609	376,473
Revenues over (under) expenditures	(400,620)	(471,133)	14,382	(485,515)
Other Financing Sources:				
Proceeds from sale of assets	-	90,985	90,978	(7)
Insurance Proceeds	-	15,015	15,015	-
Transfers from other funds	230,000	340,823	386,084	45,261
	230,000	446,823	492,077	45,254
Fund balance appropriated	(170,620)	(24,310)	-	(24,310)
Net change in fund balance	\$ -	\$ -	506,459	\$ 506,459
Fund balances, beginning			4,812,678	
Fund balances, ending			\$ 5,319,137	

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, 2015**

Exhibit 6

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 1,521,233
Restricted cash and cash equivalents	9,500
Accounts receivable (net) - billed	119,152
Accounts receivable (net) - unbilled	69,417
Inventories	34,883
Total current assets	1,754,185

Non-current assets:

Net pension asset	23,939
Capital assets:	
Land	1,046,600
Capital assets, net of depreciation	1,593,022
Capital assets	2,639,622
Total non-current assets	2,663,561
Total assets	\$ 4,417,746

**DEFERRED OUTFLOWS OF RESOURCES**

Contributions to pension plan	28,653
Total deferred outflows of resources	28,653

**LIABILITIES**

Current liabilities:

Accounts payable and accrued liabilities	\$ 22,516
Customer advances on water bills	17,563
Current portion of accrued vacation	4,291
Liabilities payable from restricted assets	
Customer deposits	9,500
Total current liabilities	53,870

Noncurrent liabilities:

OPEB liability	7,877
Accrued vacation	17,168
Total non-current liabilities	25,045
Total liabilities	78,915

**DEFERRED INFLOWS OF RESOURCES**

Pension deferrels	59,802
Total deferred inflows of resources	59,802

**NET POSITION**

Net investment in capital assets	2,639,622
Unrestricted	1,668,060
Total net position	\$ 4,307,682

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, 2015**

Exhibit 7

<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,002,069
Stormwater fees	310,685
Miscellaneous	123,137
<b>Total operating revenues</b>	<u>1,435,891</u>
<b>OPERATING EXPENSES</b>	
Administration	654,997
Water treatment and distribution	431,567
Depreciation	210,386
<b>Total operating expenses</b>	<u>1,296,950</u>
<b>Operating income</b>	<u>138,941</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Investment income	5,161
<b>Total nonoperating revenue (expenses)</b>	<u>5,161</u>
<b>Income before contributions and transfers</b>	144,102
Transfers to other funds	<u>(365,025)</u>
Change in net position	(220,923)
Total net position, previously reported	4,563,332
Restatement	(34,727)
Total net position, restated	4,528,605
Total net position, ending	<u>\$ 4,307,682</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, 2015**

Exhibit 8

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 1,460,238
Cash paid to employees	(244,107)
Cash paid for services	(935,387)
Net cash provided by operating activities	<u>280,744</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers to other funds	<u>(365,025)</u>
Net cash flows (used) by noncapital financing activities	<u>(365,025)</u>

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

Acquisition of capital assets	(47,300)
Transfer of capital assets to general fixed assets	68,646
Net cash used by capital and related financing activities	<u>21,346</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest	<u>5,161</u>
Net decrease in cash and cash equivalents	(57,774)
Balances, beginning	<u>1,588,507</u>
Balances, ending	<u><u>\$ 1,530,733</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, 2015**

Exhibit 8

Reconciliation of operating income to net cash provided by operating activities

Operating income	<u>\$ 138,941</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	210,386
Pension Expense	1,136
Net capital assets transferred to general fixed assets	(22,077)
Changes in assets and liabilities:	
(Decrease) in accounts receivable	(24,347)
Increase in inventory	8,356
(Decrease) in accounts payable and accrued liabilities	(4,247)
(Decrease) in customer advances on water bills	(2,407)
Increase in customer deposits	490
(Decrease) in deferred outflows of resources for pensions	(28,653)
Increase in accrued vacation pay	<u>3,166</u>
Total adjustments	<u>141,803</u>
Net cash provided by operating activities	<u><u>\$ 280,744</u></u>

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

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



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**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2015**

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

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

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

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

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

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

Sales taxes and certain intergovernmental revenues, such as the 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. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise 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 and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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, 2015 was \$124,689. 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 Restricted Cash

Governmental Activities		
General Fund		
Streets	\$	124,689
Total governmental activities	\$	<u>124,689</u>
Business-type Activities		
Public Utilities Fund:		
Customer Deposits	\$	9,500
Total Business-type Activities	\$	<u>9,500</u>
Total Restricted Cash	\$	<u>134,189</u>

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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, 2014.

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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, 2015**

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 one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB statement 68.

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, 2015**

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 Statute [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. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

**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.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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.

**11. Pensions**

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

**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

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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, 2015, the Town's deposits had a carrying amount of \$6,786,550 and a bank balance of \$6,898,024. 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, 2015, the Town's petty cash fund totaled \$400.

**2. Investments**

At June 30, 2015, 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.

**3. Receivables**

Receivables at the government-wide level at June 30, 2015, were as follows:

Fund	June 30, 2015
General Fund:	
ABC tax receivable	\$ 54,535
Telecommunication sales tax receivable	9,128
Franchise tax receivable	71,159
Local option sales tax receivable	176,420
Video programming	23,250
Property taxes receivable	12,291
Services receivable	73,218
Misellaneous receivables	66,512
Total	486,513
Public Utilities Fund:	
Services receivable	188,569
Total	\$ 675,082

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

4. Capital Assets

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

<b>Governmental activities:</b>	Beginning				Ending
	Balances	Reclassification	Increases	Decreases	Balances
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,222,967	\$ -	\$ -	\$ -	\$5,222,967
Total capital assets not being depreciated	<u>5,222,967</u>	-	-	-	<u>5,222,967</u>
<b>Capital assets being depreciated:</b>					
Buildings & improvements	791,621	-	-	-	791,621
Infrastructure	1,275,954	-	166,137	-	1,442,091
Equipment	366,630	-	109,628	-	476,258
Vehicles and motorized equipment	2,574,448	68,646	226,438	319,109	2,550,423
Total capital assets being depreciated	<u>5,008,653</u>	<u>68,646</u>	<u>502,203</u>	<u>319,109</u>	<u>5,260,393</u>
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	404,939	-	25,130	-	430,069
Infrastructure	192,418	-	52,741	-	245,159
Equipment	192,455	-	31,298	-	223,753
Vehicles and motorized equipment	1,917,369	22,077	182,564	308,305	1,813,705
Total accumulated depreciation	<u>2,707,181</u>	<u>22,077</u>	<u>291,733</u>	<u>308,305</u>	<u>2,712,686</u>
Total capital assets being depreciated, net	<u>2,301,472</u>				<u>2,547,707</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 7,524,439</u>				<u>\$7,770,674</u>

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

General government	\$ 36,018
Public safety	189,244
Transportation	27,482
Economic & Physical Development	12,251
Environmental Protection	26,738
Total depreciation expense	<u>\$ 291,733</u>

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	Beginning Balances	Reclassification	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
CIP	112,000	-	200	-	112,200
Total capital assets not being depreciated	1,046,400	-	200	-	1,046,600
<b>Capital assets being depreciated:</b>					
Plant and distribution systems	6,590,245			-	6,590,245
Furniture and maintenance equipment	567,730			-	567,730
Vehicles	85,316	(68,646)	47,100	-	63,770
Total capital assets being depreciated	7,243,291	(68,646)	47,100	-	7,221,745
<b>Less accumulated depreciation for:</b>					
Plant and distribution systems	4,993,764		168,003	-	5,161,767
Furniture and maintenance equipment	386,476		36,408	-	422,884
Vehicles	60,174	(22,077)	5,975	-	44,072
Total accumulated depreciation	5,440,414	(22,077)	210,386	-	5,628,723
Total capital assets being depreciated, net	1,802,877				1,593,022
<b>Business type capital assets, net</b>	<b>\$ 2,849,277</b>				<b>\$ 2,639,622</b>

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

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

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are

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eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of services and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gain of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Atlantic Beach employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2015, was 13.78% of compensation for law enforcement officers and 13.52% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$358,166 for the year ended June 30, 2015.

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2015, the Town reported an asset of \$299,237 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll

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covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.049%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$14,199. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,697
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	696,618
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	18,199
Town contributions subsequent to the measurement date	358,166	-
Total	\$ 358,166	\$ 747,514

\$358,166 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (186,910)
2017	(186,910)
2018	(186,910)
2019	(186,784)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of net pension liability (asset)	\$ 1,015,741	\$ (299,237)	\$ (1,406,406)

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

**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.

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All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014 the Separation Allowance's membership consisted of

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>17</u>
	<u><u>18</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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earning on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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

*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, 2014 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:

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Annual required contribution	\$ 36,851
Interest on net pension obligation	6,347
Adjustment to annual required contribution	<u>(10,724)</u>
Annual pension cost	32,474
Contributions made	<u>28,264</u>
Increase (decrease) in net pension obligation	4,210
Net pension obligation beginning of year	<u>126,942</u>
Net pension obligation end of year	<u><u>\$ 131,152</u></u>

3 Year Trend Information				
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
2013	\$ 26,871	83.09%	126,008	
2014	25,830	96.38%	126,942	
2015	32,474	87.04%	131,152	

The annual required contribution (ARC) for the fiscal year ended June 30, 2015 is calculated as of December 31, 2014 using the following information:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

*4. Funded Status and Funding Progress*

As of December 31, 2014, 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 \$304,833. The covered payroll (annual payroll of active employees covered by the plan) was \$774,853, and the ratio of the UAAL to the covered payroll was 39.34 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.

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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, 2015 were \$40,045, all contributed by the Town.

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, 2015 were \$86,891 from the Town and \$41,070 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 (HCB Plan). The plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of credible service with the Town, have not reached age 65 and are not eligible to receive Medicare benefits. Prior to July 1, 2001, employees qualified for similar level benefits after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employee's benefits through private insurers and employees have the option of purchasing dependent coverage at the City's group rates. Employees hired on or after July 1, 2007 who retires with a minimum of 20 years of creditable service are not eligible for

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postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employees' Years of Creditable	Date Hired	
	Pre July 1, 2007	On or after July 1, 2007
Less than 5 years	Not eligible for coverage	Not eligible for coverage
5 - 20 years	Full coverage paid for by Town	Not eligible for coverage
20+ years	Full coverage paid for by Town	Full Coverage paid for by Town

Membership of the HCB Plan consisted of the following at December 31, 2014 date of the latest actuarial valuation.

	Law	
	General Employees:	Enforcement Officers:
Retirees and dependents receiving benefits	\$ 1	1
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	40	15
Total	41	16

*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, 2015, the Town was not required to make contributions in the fiscal year.

*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).

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.

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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	\$	-	
Interest on net OPEB obligation		-	
Adjustment to annual required contribution		-	
Annual OPEB cost (expense)		-	
Contributions made		-	
Increase (decrease) in net OPEB obligation		-	
Net OPEB obligation beginning of year		185,075	
Net OPEB obligation end of year	\$	185,075	

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, 2015 were as follows:

		Percentage of Annual		
For Year Ended June 30	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation	
2013	\$ 59,049	34.89%	\$ 185,075	
2014	\$ -	34.89%	\$ 185,075	
2015	\$ -	34.89%	\$ 185,075	

*Funded Status and Funding Progress.* As of June 30, 2015, 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 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

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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* – 2013 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 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, 2015, was 27 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

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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**

The Town has several deferred inflows of resources. Deferred inflows of resources are comprised of the following:

Source	Amount
Taxes receivable (General Fund) less penalties	\$ 12,291
Pension deferrals	747,514
Prepaid taxes (General Fund)	5,420
	\$ 765,225

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 358,166

**4. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

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

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

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

At June 30, 2015, 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, 2015 was \$1,600,002.

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, 2015 was \$115,994.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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 November 1, 2013 of \$55,590, with an interest rate of 1.75%. The balance outstanding at June 30, 2015 was \$263,919.

Annual debt service payments of all installment notes as of June 30, 2015, including \$128,266 of interest, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	355,660	38,088
2017	357,181	31,314
2018	358,748	24,492
2019	320,361	17,656
2020	321,301	11,463
2021-2025	266,664	5,253
Total	<u>\$ 1,979,915</u>	<u>\$ 128,266</u>

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

At June 30, 2015, the Town of Atlantic Beach had a legal debt margin of \$130,613,249.

	Balance			Balance	Current
	6/30/2014	Increases	Decreases	6/30/2015	Portion of
					Balance
Governmental activities:					
Installment purchases	\$ 2,334,070	\$ -	\$ 354,155	\$ 1,979,915	\$ 355,660
Compensated absences	181,394	112,573	124,011	169,956	20,395
Other post employment benefits	177,198	-	-	177,198	-
Net pension obligation (LGERS)	566,675		566,675	-	
Net pension obligation (LEO)	126,942	4,210	-	131,152	-
Governmental activity long-term liabilities	<u>\$ 3,386,279</u>	<u>\$ 116,783</u>	<u>\$ 1,044,841</u>	<u>\$ 2,458,221</u>	<u>\$ 376,055</u>
Business-type activities:					
Compensated absences	\$ 18,293	\$ 13,693	\$ 10,527	\$ 21,459	\$ 4,291
Net pension obligation (LGERS)	\$ 49,276		\$ 49,276	-	
Other post employment benefits	7,877	-	-	7,877	-
Business-type activity long-term liabilities	<u>\$ 75,446</u>	<u>\$ 13,693</u>	<u>\$ 59,803</u>	<u>\$ 29,336</u>	<u>\$ 4,291</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2015, consist of the following.

Descriptions	Transfers In	Transfers Out
General Fund	\$ 386,084	\$ -
Capital Projects Fund		\$ 21,059
Public Utilities Fund	-	365,025
	<u>\$ 386,084</u>	<u>\$ 386,084</u>

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

The transfer from the Public Utility Fund to the General Fund is for debt service payment for the Town-owned property purchased for future use by both funds, for transfer of funds for stormwater projects completed within the General Fund, and for asset transfers from the Public Utility Fund to the General Fund. These total the \$365,025 transfer from Public Utilities Fund to General Fund. The additional transfer from the Beach Nourishment Fund (listed as Exhibit C-1) to the General Fund is for a grant match for beach access repairs.

**D. Net Investment in Capital Assets**

	Governmental	Business-type
Capital assets	\$ 7,770,674	\$ 2,639,622
less: long-term debt	1,979,915	-
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 5,790,759</u>	<u>\$ 2,639,622</u>

**E. Fund Balance**

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

Total fund balance - General Fund	<u>\$ 5,319,137</u>
Less:	
Stabilization by State Statute	486,513
Streets - Powell Bill	124,689
Working Capital/Fund Balance Policy	633,108
Remaining Fund Balance	<u>\$ 4,074,827</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.

**Town of Atlantic Beach, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2015). As a result, net position for the governmental and business-type activities decreased by \$399,351 and \$34,727, respectively.

## **Required Supplementary Financial Data**

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

- 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
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System



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

Exhibit A-1

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)
12/31/2008	-	151,557	151,557	0.00%	748,793	20.95%
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%
12/31/2013	-	270,212	270,212	0.00%	763,695	35.38%
12/31/2014	-	304,833	304,833	0.00%	774,853	39.34%

**\* Information presented for available years**

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

Exhibit A-2

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
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%
2014	29,796	84.00%
2015	36,851	76.70%

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

Exhibit A-3

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)
6/30/2012	-	452,699	452,699	0.00%	2,603,377	17.39%
6/30/2013	-	421,435	421,435	0.00%	2,629,113	16.03%
6/30/2014	-	421,435	421,435	0.00%	2,629,113	16.03%
6/30/2015	-	421,435	421,435	0.00%	2,629,113	16.03%

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

Exhibit A-4

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2012	64,495	21.29%
2013	58,244	35.37%
2014	-	0.00%
2015	-	0.00%

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

Exhibit A-5

Local Government Employees' Retirement System

	2015	2014
Atlantic Beach's proportion of the net pension liability (asset) (%)	0.0510%	0.0510%
Atlantic Beach's proportion of the net pension liability (asset) (\$)	\$ (299,237)	\$ 615,951
Atlantic Beach's covered-employee payroll	\$ 2,572,741	\$ 2,384,890
Atlantic Beach's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.63%	25.83%
Plan fiduciary net position as a percentage of the total pension liability **	102.64%	94.35%

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

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

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

Exhibit A-6

Local Government Employees' Retirement System

	2015	2014
Contractually required contribution	\$ 358,156	\$ 347,320
Contributions in relation to the contractually required contribution	358,156	347,320
Contribution deficiency (excess)	\$ -	\$ -
Emerald Isle's covered-employee payroll	\$ 2,599,100	\$ 2,572,741
Contributions as a percentage of covered-employee payroll	13.78%	13.50%

## **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.



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## General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Ad valorem taxes			
Current collections of unit-wide levy	\$ 2,725,000	2,727,352	2,352
Prior years' levy collections	23,000	13,828	(9,172)
Penalties and interest	5,000	7,482	2,482
<b>Total taxes</b>	<u>2,753,000</u>	<u>2,748,662</u>	<u>(4,338)</u>
Unrestricted intergovernmental:			
Local option sales tax	995,000	1,037,273	42,273
Carteret County ABC revenue	125,000	160,112	35,112
Beer/wine tax	6,000	7,235	1,235
Utilities sales tax	245,000	309,061	64,061
Cable Vision franchise tax	91,000	92,565	1,565
Telecommunications sales tax	40,000	40,513	513
Solid Waste Disposal Tax	700	965	265
Payment in lieu of taxes (Fire district distribution)	2,800	2,734	(66)
Court fees	800	743	(57)
	<u>1,506,300</u>	<u>1,651,201</u>	<u>144,901</u>
Restricted intergovernmental:			
Public Safety Grants	2,000	2,512	512
Dredging Grant	50,000	41,370	(8,630)
NCEM Message BRD Transmitter	10,625	10,625	-
CAMA Beach Access Grant	63,173	63,173	-
CAMA Bridge Abutment Grant	72,699	-	(72,699)
Powell Bill allocation	59,900	59,982	82
	<u>258,397</u>	<u>177,662</u>	<u>(80,735)</u>
<b>Total intergovernmental</b>	<u>1,764,697</u>	<u>1,828,863</u>	<u>64,166</u>

**Town of Atlantic Beach, North Carolina  
General Fund**

Exhibit B-1

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

	2015		Variance Positive (Negative)
	Budget	Actual	
Permits, fees and assessments:			
Beach permits	20,000	21,170	1,170
Building permits	344,267	357,885	13,618
Business registration fee	-	1,562	1,562
<b>Total permits, fees and assessments</b>	<b>364,267</b>	<b>380,617</b>	<b>16,350</b>
Sales and services:			
Parking meter	90,000	104,064	14,064
Solid waste fees	505,000	515,608	10,608
Parking violations	5,000	3,935	(1,065)
Refuse cart sales	13,000	15,398	2,398
Debris/White goods fee	68,000	69,765	1,765
EMS revenue	85,000	89,152	4,152
Cell tower lease	65,000	71,993	6,993
Souvenirs	3,000	3,275	275
Other Fees	28,785	33,979	5,194
<b>Total sales and services</b>	<b>862,785</b>	<b>907,169</b>	<b>44,384</b>
Investment Earnings:			
General fund interest on investments	7,000	7,865	865
Other funds interest on investments	500	249	(251)
<b>Total interest</b>	<b>7,500</b>	<b>8,114</b>	<b>614</b>
Miscellaneous revenue:			
ABPD citizen donations	-	1,289	1,289
Private donations	37,100	37,400	300
Sales tax refund	65,000	51,570	(13,430)
Miscellaneous	5,600	5,307	(293)
<b>Total miscellaneous</b>	<b>107,700</b>	<b>95,566</b>	<b>(12,134)</b>
<b>Total revenue</b>	<b>5,859,949</b>	<b>5,968,991</b>	<b>109,042</b>

## General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

	2015		Variance Positive (Negative)
	Budget	Actual	
<b>Expenditures</b>			
General Government:			
Mayor and council:			
Salaries and employee benefits		19,364	
Professional services		59,646	
Membership dues		4,290	
Other operating expenditures		9,714	
	<u>100,250</u>	<u>93,014</u>	<u>7,236</u>
Administration:			
Salaries and employee benefits		211,598	
Insurance - other		800	
Employee development		4,101	
Printing and postage		29,885	
Computers and small equipment		21,730	
Supplies		3,129	
Equipment rental		7,179	
Capital Outlay		9,503	
Miscellaneous		2,309	
	<u>303,210</u>	<u>290,234</u>	<u>12,976</u>
Finance:			
Salaries and employee benefits		159,866	
Insurance - other		1,006	
Employee development		2,593	
Professional services		29,855	
Departmental supplies		4,554	
Bank charges		9,196	
Sales tax		44,965	
Miscellaneous		1,237	
	<u>277,535</u>	<u>253,272</u>	<u>24,263</u>

**Town of Atlantic Beach, North Carolina  
General Fund**

Exhibit B-1

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

	2015		
	Budget	Actual	Variance Positive (Negative)
Public buildings:			
Salaries and employee benefits		308,933	
Insurance - other		16,914	
Utilities		32,519	
Building maintenance		27,835	
Janitorial supplies		2,424	
Landscaping		7,111	
Professional services		1,478	
Bridge Abutment		10,550	
Miscellaneous		5,985	
	563,061	413,749	149,312
<b>Total general government</b>	<b>1,244,056</b>	<b>1,050,269</b>	<b>193,787</b>
Public safety:			
Police:			
Salaries and employee benefits		1,181,742	
Insurance - other		42,711	
Employee development		12,696	
Fuel		33,734	
Repairs and maintenance		16,068	
Printing and postage		4,767	
Departmental supplies		7,676	
Computers and small equipment		17,845	
Capital outlay		170,511	
Uniforms		5,392	
09 port security message board		10,625	
Marine patrol		8,180	
USDOJ Vest grant		2,426	
Miscellaneous		28,327	
	1,618,415	1,542,700	75,715

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Budget	Actual	
Fire/EMS:			
Salaries and employee benefits and benefits		1,006,475	
Insurance-other		35,813	
Communication maintenance		2,823	
Employee development		1,820	
Fuel		7,993	
Equipment maintenance		408	
Postage		3,203	
Departmental supplies		11,779	
Fire prevention supplies		3,563	
Uniforms		4,452	
Vehicle maintenance		5,936	
EMS Collections		2,551	
Rescue supplies		15,290	
Computers and small equipment		6,407	
Capital Outlay		32,198	
Miscellaneous		4,713	
	<u>1,174,605</u>	<u>1,145,424</u>	<u>29,181</u>
Building inspection:			
Salaries and employee benefits and benefits		187,223	
Insurance - other		2,294	
Employee development		3,884	
Fuel		1,860	
Equipment maintenance		4,485	
Postage		1,883	
Department supplies		2,706	
Capital Outlay		23,728	
Miscellaneous		4,171	
	<u>235,100</u>	<u>232,234</u>	<u>2,866</u>

## General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Budget	Actual	
Rescue units:			
Departmental supplies		5,457	
Employee development		425	
Miscellaneous		2,156	
	<u>12,000</u>	<u>8,038</u>	<u>3,962</u>
Lifeguards:			
Salaries and employee benefits		30,549	
Insurance		1,388	
Departmental supplies		815	
Uniforms		888	
Miscellaneous		4,164	
	<u>45,132</u>	<u>37,804</u>	<u>7,328</u>
<b>Total public safety</b>	<u>3,085,252</u>	<u>2,966,200</u>	<u>119,052</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits and benefits		205,377	
Insurance - other		20,583	
Fuel		18,679	
Repairs and maintenance		20,345	
Storm drainage		21,240	
Street Lights		75,244	
Postage		1,811	
Departmental supplies		13,207	
Uniforms		5,855	
Dredging		82,927	
Employee development		2,379	
Equipment maintenance		395	
Paving/patching		7,674	
Traffic control devices		936	
Capital outlay		156,197	
Beach access - cama grant		83,730	
Drainage		87,657	
Miscellaneous		2,178	
	<u>808,970</u>	<u>806,414</u>	<u>2,556</u>
<b>Total transportation</b>	<u>808,970</u>	<u>806,414</u>	<u>2,556</u>

## General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

	2015		Variance Positive (Negative)
	Budget	Actual	
Environmental protection:			
Solid waste:			
Salaries and employee benefits		50,820	
Fuel		7,146	
Landfill		93,128	
Contract services		292,969	
Supplies		18,002	
Vehicle maintenance		8,414	
Miscellaneous		702	
	<u>481,805</u>	<u>471,181</u>	<u>10,624</u>
<b>Total environmental protection</b>	<u>481,805</u>	<u>471,181</u>	<u>10,624</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits		82,578	
Insurance - other		1,070	
Advertising		924	
Employee development		2,224	
Telephone and postage		1,133	
Departmental supplies		1,589	
Miscellaneous		3,334	
	<u>95,000</u>	<u>92,852</u>	<u>2,148</u>
<b>Total economic and physical development</b>	<u>95,000</u>	<u>92,852</u>	<u>2,148</u>

**Town of Atlantic Beach, North Carolina  
General Fund**

Exhibit B-1

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015**

	2015		Variance
	Budget	Actual	Positive (Negative)
Public Services:			
Beach Access			
Salaries and employee benefits		12,300	
Parking supplies		6,729	
Building maintenance		4,811	
Department supplies		6,486	
Janitorial supplies		7,679	
Small equipment		614	
Professional services		3,500	
Miscellaneous		18,771	
	76,334	60,890	15,444
Community Events/Recreation:			
Contracted services		27,498	
Supplies		14,792	
Community promotions		26,169	
Christmas event		4,450	
Beach music fesitval		29,791	
Miscellaneous		5,102	
	120,190	107,802	12,388
<b>Total public services</b>	<b>196,524</b>	<b>168,692</b>	<b>27,832</b>

## General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	2015		Variance Positive (Negative)
	Budget	Actual	
Debt retirement:			
Principal		354,155	
Interest		44,846	
	<u>399,010</u>	<u>399,001</u>	<u>9</u>
Contingency	<u>20,465</u>	<u>-</u>	<u>20,465</u>
Total expenditures	<u>6,331,082</u>	<u>5,954,609</u>	<u>376,473</u>
Revenue over (under) expenditures	<u>(471,133)</u>	<u>14,382</u>	<u>485,515</u>
<b>Other financing sources</b>			
Transfers from other funds:			
Public utilities fund	318,455	365,025	46,570
Capital reserve fund	22,368	21,059	(1,309)
Proceeds from sale of assets	90,985	90,978	(7)
Insurance Proceeds	15,015	15,015	-
Total other financing sources (uses)	<u>\$ 446,823</u>	<u>\$ 492,077</u>	<u>\$ 45,254</u>
Fund balance appropriated	(24,310)	-	(24,310)
Net Change in fund balance	<u>\$ -</u>	<u>506,459</u>	<u>\$ 506,459</u>
Fund balances, beginning		4,812,678	
Fund balances, ending		<u>\$ 5,319,137</u>	



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## **Capital Project Fund**

Capital Project Funds are used to account for the financial resources used for the acquisition or construction of major town-owned capital facilities.



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**Town of Atlantic Beach, North Carolina**  
**Capital Projects Fund – non Major Governmental Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2015**

Exhibit C-1

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
Interest income	\$ -	\$ 59,545	\$ 553	\$ 60,098
Occupancy tax income	100,000	100,000	-	100,000
 Total revenue	 100,000	 159,545	 553	 160,098
<b>Other financing sources/(uses):</b>				
Transfer (to)/from General Fund	(100,000)	76,928	(21,059)	55,869
Total other financing sources (uses)	(100,000)	76,928	(21,059)	55,869
 Net change in fund balance	 \$ -	 \$ 236,473	 \$ (20,506)	 \$ 215,967
Fund balance, beginning			236,473	
Fund balance, ending			\$ 215,967	



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## **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.



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**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, 2015**

Exhibit D-1

	2015		
	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Utility Charges	\$ 972,907	\$ 1,002,069	\$ 29,162
Total operating revenues	972,907	1,002,069	29,162
Non-operating revenues:			
Interest earnings	5,050	5,161	111
Availability fees	5,000	5,580	580
Fire hydrants	8,426	8,426	-
Late fees	18,300	19,861	1,561
Reconnect fees	50	135	85
Storm water impact fees	306,000	310,685	4,685
Connection fees	5,200	4,500	(700)
Impact fees	68,000	62,000	(6,000)
Sale of Equipment	21,355	21,359	4
Other	350	1,276	926
Total non-operating revenues	437,731	438,983	1,252
Total revenues	1,410,638	1,441,052	30,414
<b>Expenditures:</b>			
Administration:			
Salaries	468,080	466,818	1,262
Social Security	16,500	15,268	1,232
Retirement	30,243	28,856	1,387
Pension	11,185	10,683	502
Insurance - health	37,360	34,124	3,236
Workman's comp	6,000	3,902	2,098
Communication	3,000	2,397	603
Employee development	6,000	5,911	89
Departmental supplies	22,450	21,870	580
Professional Services	103,400	70,379	33,021
Computers and small equipment	18,000	17,957	43
Membership dues	4,500	4,349	151
Total administration	726,718	682,514	44,204

(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, 2015**

Exhibit D-1

	2015		Variance Positive (Negative)
	Budget	Actual	
Water treatment and distribution:			
Contracted services - maintenance	84,000	79,232	4,768
Fuel	20,000	13,002	6,998
Lab Analysis	20,000	15,131	4,869
Repairs and maintenance - equipment	25,000	19,614	5,386
Insurance - other	28,000	25,066	2,934
Postage	20,000	17,667	2,333
Utilities	70,000	63,012	6,988
Building Maintenance	10,000	2,031	7,969
Supplies - for operations	100,000	84,805	15,195
Supplies - for inventory	97,000	102,976	(5,976)
Uniforms	3,500	3,622	(122)
Vehicle maintenance	5,000	4,708	292
Miscellaneous	1,120	701	419
Total water treatment and distribution	483,620	431,567	52,053
Capital outlay:	47,450	47,300	150
Total capital outlay	47,450	47,300	150
Total expenditures	1,257,788	1,161,381	96,407
Revenue over (under) expenditures	152,850	279,671	126,821

(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, 2015**

Exhibit D-1

	2015		
	Budget	Actual	Variance Positive (Negative)
<b>Other Financing Sources/(Uses)</b>			
Fund balance appropriated	165,605	-	(165,605)
Transfer to General Fund	(318,455)	(365,025)	(46,570)
Total other financing (uses)	(152,850)	(365,025)	(212,171)
Revenues under expenditures and other financing sources (uses)	\$ -	(85,354)	\$ (85,350)

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Reconciling items:

Capital Outlay	47,300
Depreciation	(210,386)
Deferred outflows of resources for contributions made to pension plan in current fiscal year	28,653
Pension expense	(1,136)
Change in net position	\$ (220,923)



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## **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



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**Town of Atlantic Beach, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
For the Fiscal Year Ended June 30, 2015**

Exhibit E-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	2,734,734	\$ 2,728,070	\$ 6,664
2013-2014	15,303		12,924	2,379
2012-2013	5,621	-	3,615	2,006
2011-2012	1,468	-	945	523
2010-2011	92	-	-	92
2009-2010	668	-	95	573
2008-2009	54	-	-	54
	<u>\$ 23,206</u>	<u>2,734,734</u>	<u>2,745,649</u>	<u>12,291</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 2,748,662
Reconciling items:	
Interest collected	(7,608)
Discounts allowed	441
Releases and other credits	<u>4,154</u>

Total ad valorem collections \$ 2,745,649

**Town of Atlantic Beach, North Carolina**  
**Analysis of Current Tax Levy**  
**Town – Wide Levy**  
**For the Fiscal Year Ended June 30, 2015**

Exhibit E-2

	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	\$ 1,659,150,909	0.165	\$ 2,737,599	\$ 2,695,528	\$ 42,071
Total	<u>1,659,150,909</u>		<u>2,737,599</u>	<u>2,695,528</u>	<u>42,071</u>
Discoveries:					
Current year taxes	684,242	0.165	\$ 1,129	1,129	-
Total	<u>1,659,835,152</u>		<u>2,738,728</u>	<u>2,696,657</u>	<u>42,071</u>
Abatements	(2,420,606)	0.165	(3,994)	(3,994)	-
Total property valuation	<u><u>\$ 1,657,414,545</u></u>				
Net levy			2,734,734	2,692,663	42,071
Uncollected taxes at June 30, 2015			<u>(6,664)</u>	<u>(4,149)</u>	<u>(2,515)</u>
Current year's taxes collected			<u>\$ 2,728,070</u>	<u>\$ 2,688,525</u>	<u>\$ 39,556</u>
Current levy collection percentage			<u>99.76%</u>	<u>99.85%</u>	<u>94.02%</u>

**Statistical Section**  
**Unaudited**



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**Town of Atlantic Beach**  
**Description of the Statistical Schedules**  
**June 30, 2015**

**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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities</b>										
Net position:										
Invested in capital assets, net of related debt	\$ 5,790,759	\$ 5,190,369	\$ 4,006,135	\$ 3,556,987	\$ 3,197,982	\$ 2,751,369	\$ 2,617,018	\$ 2,570,315	\$ 2,335,942	\$ 766,911
Restricted - Streets -P.Bill	124,689	64,459	185,307	156,533	167,736	377,427	353,406	307,546	266,799	355,530
Restricted - State Statute	486,513	405,933	351,456	354,059	391,994	-	-	-	-	-
Unrestricted	4,360,854	4,099,790	4,877,637	4,932,707	4,901,359	5,091,272	4,956,440	4,271,874	3,299,719	4,101,143
Total net position	<u>\$ 10,762,815</u>	<u>\$ 9,760,551</u>	<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>
<b>Business Type Activities</b>										
Net position:										
Invested in capital assets, net of related debt	\$ 2,639,622	\$ 2,849,277	\$ 2,923,729	\$ 3,037,055	\$ 3,060,385	\$ 3,131,135	\$ 3,326,753	\$ 3,494,054	\$ 3,484,342	\$ 3,557,405
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,668,060	1,714,055	1,951,590	2,215,488	2,334,469	2,349,454	2,149,696	2,055,076	2,394,176	2,458,923
Total net position	<u>\$ 4,307,682</u>	<u>\$ 4,563,332</u>	<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>
<b>Total Primary Government</b>										
Net position:										
Invested in capital assets, net of related debt	\$ 8,430,381	\$ 8,039,646	\$ 6,929,864	\$ 6,594,042	\$ 6,258,367	\$ 5,882,504	\$ 5,943,771	\$ 5,145,374	\$ 5,820,284	\$ 4,324,316
Restricted - Streets -P.Bill	124,689	64,459	185,307	156,533	167,736	377,427	353,406	307,546	266,799	355,530
Restricted - State Statute	486,513	405,933	351,456	354,059	391,994	-	-	-	-	-
Unrestricted	6,028,914	5,813,845	6,829,227	7,148,195	7,235,828	7,440,726	7,106,136	7,245,945	5,693,895	6,560,066
Total net position	<u>\$ 15,070,497</u>	<u>\$ 14,323,883</u>	<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>

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

**Table 2**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
<b>Program revenues:</b>										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 954,316	\$ 906,289
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	726,246	511,600	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	531,006	525,441	517,538	518,760	519,316	515,609	514,593	504,988	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	302,200	217,777	267,984	266,272	169,915	84,438	182,277	122,820	455,467	518,975
Capital Grants & Contributions	-	-	-	-	80,000	-	30,000	-	265,393	371,476
<b>General revenues:</b>										
Property taxes	2,737,747	2,750,669	2,819,505	2,835,564	2,870,414	2,874,994	2,871,129	3,393,084	2,372,676	2,040,535
Other taxes	1,562	13,951	22,742	23,181	20,699	20,270	21,539	17,534	18,779	116,206
<b>Unrestricted intergovernmental revenues:</b>										
Local option sales tax	1,037,273	980,257	960,118	914,057	829,358	841,881	1,044,378	993,403	905,207	848,824
Carteret County ABC revenue	160,112	135,328	107,870	105,156	102,922	53,702	62,122	64,874	71,030	73,833
Utilities sales tax	309,061	205,112	188,339	184,028	208,444	204,847	194,759	181,411	176,341	162,584
Cable vision franchise tax	92,565	90,306	92,300	94,653	124,288	124,388	128,329	120,394	111,049	39,130
Telecommunications sales tax	40,513	42,142	44,151	47,493	48,468	51,022	53,216	48,688	43,061	46,555
Other intergovernmental revenues	11,677	11,090	10,930	11,475	12,139	6,978	12,860	12,846	43,619	32,711
Gain (loss) on disposal of assets	-	-	-	-	(138)	6,000	-	-	-	1,029,328
Other	103,838	27,946	55,431	26,372	29,298	64,259	124,668	239,093	919,980	166,560
<b>Total Revenues</b>	<b>6,053,800</b>	<b>5,511,619</b>	<b>5,678,231</b>	<b>5,591,025</b>	<b>5,500,883</b>	<b>5,286,542</b>	<b>5,727,783</b>	<b>6,087,374</b>	<b>6,336,918</b>	<b>6,353,006</b>
<b>Expenses:</b>										
General Government	1,110,812	772,997	1,068,784	1,187,227	1,168,657	1,215,910	1,333,389	1,200,796	664,737	506,848
Public Safety	2,705,676	2,926,342	2,888,154	3,093,509	3,007,024	3,025,793	2,912,027	2,803,457	2,840,052	2,581,637
Transportation	528,964	466,616	531,179	478,512	624,524	425,540	382,097	437,038	706,994	644,965
Economic & Physical Development	15,616	111,892	99,748	114,032	90,149	79,807	112,193	152,834	-	-
Environmental Protection	445,113	468,563	443,724	437,892	319,445	419,622	394,632	416,381	1,499,528	1,443,899
Parks and Recreation	168,692	478,995	301,301	205,558	100,741	23,995	-	-	-	-
Interest on Long-Term Debt	42,337	49,099	81,425	103,169	127,753	158,410	174,271	179,920	191,533	80,197
Water	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>5,017,210</b>	<b>5,274,504</b>	<b>5,414,315</b>	<b>5,619,899</b>	<b>5,438,293</b>	<b>5,349,077</b>	<b>5,308,609</b>	<b>5,190,426</b>	<b>5,902,844</b>	<b>5,257,546</b>
Increase (decrease) in net position before transfers	1,036,590	237,115	263,916	(28,874)	62,590	(62,535)	419,174	896,948	434,074	1,095,460
Transfers	365,025	102,900	156,333	370,089	376,413	355,737	357,955	350,125	344,333	168,000
<b>Increase (decrease) in net position</b>	<b>\$ 1,401,615</b>	<b>\$ 340,016</b>	<b>\$ 420,249</b>	<b>\$ 341,215</b>	<b>\$ 439,003</b>	<b>\$ 293,202</b>	<b>\$ 777,129</b>	<b>\$ 1,247,073</b>	<b>\$ 778,407</b>	<b>\$ 1,263,460</b>

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

Table 2.1

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Program revenues:										
Charges for services-Water	\$ 1,435,891	\$ 1,188,448	\$ 1,133,273	\$ 1,150,477	\$ 1,206,785	\$ 1,171,130	\$ 1,089,455	\$ 967,728	\$ 967,400	\$ 1,018,458
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
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	5,161	6,347	7,085	8,840	11,006	80,737	55,449	96,083	123,203	94,996
<b>Total Revenues</b>	<b>1,441,052</b>	<b>1,194,795</b>	<b>1,140,358</b>	<b>1,159,317</b>	<b>1,217,791</b>	<b>1,251,867</b>	<b>1,144,904</b>	<b>1,063,811</b>	<b>1,090,603</b>	<b>1,112,486</b>
<b>Expenses:</b>										
General Government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and Physical Developmen	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Water	1,296,950	1,403,882	1,361,249	931,539	927,113	891,990	859,629	1,043,074	884,080	702,499
<b>Total Expenses</b>	<b>1,296,950</b>	<b>1,403,882</b>	<b>1,361,249</b>	<b>931,539</b>	<b>927,113</b>	<b>891,990</b>	<b>859,629</b>	<b>1,043,074</b>	<b>884,080</b>	<b>702,499</b>
Increase (decrease) in net position before transfers	144,102	(209,087)	(220,891)	227,778	290,678	359,877	285,275	20,737	206,523	409,987
Transfers	(365,025)	(102,900)	(156,333)	(370,089)	(376,413)	(355,737)	(357,955)	(350,125)	(344,333)	(168,000)
Increase (decrease) in net position after transfers	\$ (220,923)	\$ (311,987)	\$ (377,224)	\$ (142,311)	\$ (85,735)	\$ 4,140	\$ (72,680)	\$ (329,388)	\$ (137,810)	\$ 241,987

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

Table 2.2

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Program revenues:										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,921,716	\$ 1,924,747
General Government	-	-	-	-	-	-	-	-	-	-
Public Safety	726,246	511,600	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	531,006	525,441	517,538	518,760	519,316	515,609	514,593	504,988	-	-
Water	1,435,891	1,188,448	1,133,273	1,150,477	1,206,785	1,171,130	1,089,455	967,728	-	-
Operating grants and contributions	302,200	217,777	267,984	266,272	169,915	84,438	182,277	122,820	455,467	518,975
Capital Grants & Contributions	-	-	-	-	80,000	-	30,000	-	265,393	371,476
General revenues:										
Property taxes	2,737,747	2,750,669	2,819,505	2,835,564	2,870,414	2,874,994	2,871,129	3,393,084	2,372,676	2,040,535
Other taxes	1,562	13,951	22,742	23,181	20,699	20,270	21,539	17,534	18,779	116,206
Unrestricted intergovernmental revenues:										
Local option sales tax	1,037,273	980,257	960,118	914,057	829,358	841,881	1,044,378	993,403	905,207	848,824
Carteret County ABC revenue	160,112	135,328	107,870	105,156	102,922	53,702	62,122	64,874	71,030	73,833
Utilities franchise tax	309,061	205,112	188,339	184,028	208,444	204,847	194,759	181,411	176,341	162,584
Cable vision franchise tax	92,565	90,306	92,300	94,653	124,288	124,388	128,329	120,394	111,049	39,130
Telecommunications sales tax	40,513	42,142	44,151	47,493	48,468	51,022	53,216	48,688	43,061	46,555
Other intergovernmental revenues	11,677	11,090	10,930	11,475	12,139	6,978	12,860	12,846	43,619	32,711
Gain (loss) on disposal of assets	-	-	-	-	(138)	6,000	-	-	-	1,028,360
Other	108,999	34,293	62,516	35,212	40,304	144,996	180,117	335,176	1,043,183	261,556
<b>Total Revenues</b>	<b>7,494,852</b>	<b>6,706,414</b>	<b>6,818,589</b>	<b>6,750,342</b>	<b>6,718,674</b>	<b>6,538,409</b>	<b>6,872,687</b>	<b>7,151,185</b>	<b>7,427,521</b>	<b>7,465,492</b>
Expenses:										
General Government	1,110,812	772,997	1,068,784	1,187,227	1,168,657	1,215,910	1,333,389	1,200,796	664,737	506,848
Public safety	2,705,676	2,926,342	2,888,154	3,093,509	3,007,024	3,025,793	2,912,027	2,803,457	2,840,052	2,581,637
Transportation	528,964	466,616	531,179	478,512	624,524	425,540	382,097	437,038	706,994	644,965
Economic and Physical Development	15,616	111,892	99,748	114,032	90,149	79,807	112,193	152,834	-	-
Environmental Protection	445,113	468,563	443,724	437,892	319,445	419,622	394,632	416,381	1,499,528	1,443,899
Parks and Recreation	168,692	478,995	301,301	205,558	100,741	23,995	-	-	-	-
Interest on Long-Term Debt	42,337	49,099	81,425	103,169	127,753	158,410	174,271	179,920	191,533	80,197
Water	1,296,950	1,403,882	1,361,249	931,539	927,113	891,990	859,629	1,043,074	884,080	702,499
<b>Total Expenses</b>	<b>6,314,160</b>	<b>6,678,386</b>	<b>6,775,564</b>	<b>6,551,438</b>	<b>6,365,406</b>	<b>6,241,067</b>	<b>6,168,238</b>	<b>6,233,500</b>	<b>6,786,924</b>	<b>5,960,045</b>
Increase (decrease) in net position before transfers	1,180,692	28,028	43,025	198,904	353,268	297,342	704,449	917,685	640,597	1,505,447
Transfers										
Increase (decrease) in net position after transfers	\$ 1,180,692	\$ 28,029	\$ 43,025	\$ 198,904	\$ 353,268	\$ 297,342	\$ 704,449	\$ 917,685	\$ 640,597	\$ 1,505,447

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

**Table 3**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Restricted for:										
State statute	\$ 486,513	\$ 405,933	\$ 351,456	\$ 354,059	\$ 391,994	\$ 341,800	\$ 338,399	\$ 340,476	\$ 426,499	\$ 806,956
Streets Powell bill	124,689	64,459	185,307	156,533	167,736	377,427	353,406	\$307,546	266,799	355,530
Unassigned, General Fund	4,707,935	4,342,286	5,115,741	5,024,380	4,961,504	4,756,227	4,538,848	3,851,623	1,051,799	1,450,037
Assigned - Subsequent Year's Expenditures	-	-	-	-	-	-	-	-	445,230	-
<b>Total</b>	<b>5,319,137</b>	<b>4,812,678</b>	<b>5,652,504</b>	<b>5,534,972</b>	<b>5,521,234</b>	<b>5,475,454</b>	<b>5,230,653</b>	<b>4,499,645</b>	<b>2,190,327</b>	<b>2,612,523</b>
All other Governmental Funds										
Assigned, reported in:										
Special Revenue Funds	215,967	236,473	235,828	338,035	336,902	335,557	334,380	355,325	1,612,072	2,017,692
<b>Total Fund Balances of Governmental Funds</b>	<b>\$5,535,104</b>	<b>\$5,049,151</b>	<b>\$5,888,332</b>	<b>\$5,873,007</b>	<b>\$5,858,136</b>	<b>\$ 5,811,011</b>	<b>\$ 5,565,033</b>	<b>\$ 4,854,970</b>	<b>\$ 3,802,399</b>	<b>\$ 4,630,215</b>

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

Table 4

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>REVENUES</b>										
Ad valorem taxes	\$ 2,748,662	\$ 2,750,085	\$ 2,827,985	\$ 2,814,843	\$ 2,871,282	\$ 2,911,432	\$ 2,845,137	\$ 3,390,177	\$ 2,375,991	\$ 2,039,078
Other taxes and licenses	1,562	13,951	22,742	23,181	20,699	20,270	21,539	17,534	923,986	865,030
Unrestricted intergovernmental	1,651,201	1,464,235	1,403,708	1,356,862	1,325,619	1,282,818	1,495,664	1,421,616	445,100	354,813
Restricted intergovernmental	177,662	99,986	260,084	257,236	239,374	74,921	204,977	100,213	718,610	881,438
Permits and fees	379,055	159,201	158,723	118,539	122,504	127,390	176,469	95,761	233,733	282,982
Sales and services	907,169	882,823	906,816	876,180	846,075	801,721	790,277	731,062	678,528	606,360
Investment earnings	8,114	9,434	15,735	25,239	24,355	47,356	111,826	170,210	114,148	110,996
Miscellaneous	95,566	112,809	56,792	78,610	47,038	34,169	43,062	89,010	743,302	25,960
<b>Total revenues</b>	<b>5,968,991</b>	<b>5,492,524</b>	<b>5,652,585</b>	<b>5,550,690</b>	<b>5,496,946</b>	<b>5,300,077</b>	<b>5,688,951</b>	<b>6,015,583</b>	<b>6,233,398</b>	<b>5,166,657</b>
<b>EXPENDITURES</b>										
Current:										
General government	1,040,766	985,726	1,009,350	1,139,634	1,120,438	1,164,434	1,235,362	1,120,346	613,479	597,341
Public safety	2,739,763	2,721,876	2,688,525	2,877,657	2,801,622	2,757,490	2,658,210	2,606,088	2,713,204	2,625,591
Transportation	650,217	479,020	512,795	469,745	501,367	431,225	421,171	408,287	200,212	14,008
Environmental Protection	471,181	458,579	443,423	436,142	427,808	418,975	394,416	416,698	2,123,498	2,100,513
Economic & Physical Development	92,852	90,427	95,130	113,027	89,577	79,455	112,487	150,388	-	-
Public Services	168,692	201,953	276,865	200,321	92,396	23,556	-	-	-	-
Capital outlay	392,137	1,111,282	779,645	134,285	320,122	51,111	9,387	527,203	1,248,920	4,000,000
Debt service:										
Principal	354,155	352,676	300,734	446,717	344,717	342,183	339,731	323,296	317,790	339,643
Interest and other charges	44,846	51,578	92,391	107,995	140,428	164,310	178,922	182,122	196,026	24,129
<b>Total expenditures</b>	<b>5,954,609</b>	<b>6,453,117</b>	<b>6,198,858</b>	<b>5,925,523</b>	<b>5,838,475</b>	<b>5,432,739</b>	<b>5,349,686</b>	<b>5,734,428</b>	<b>7,413,129</b>	<b>9,701,225</b>
Revenue over (under) expenditures	14,382	(960,593)	(546,273)	(374,833)	(341,529)	(132,662)	339,265	281,155	(1,179,731)	(4,534,568)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers from other funds	386,084	102,900	259,510	370,089	376,413	355,737	357,955	350,125	432,084	168,000
Transfers to/from major funds	-	-	-	-	-	-	27,040	1,271,448	424,705	(1,562,426)
Proceeds from sale of assets	90,978	16,466	41,046	16,890	7,298	6,000	-	41,728	-	1,820,000
Proceeds from insurance recovery	15,015	1,401	-	1,592	3,598	15,726	6,748	12,454	-	-
Proceeds from issuance of debt	-	-	363,249	-	-	-	-	352,205	-	4,018,650
<b>Total other financing sources (uses)</b>	<b>492,077</b>	<b>120,767</b>	<b>663,805</b>	<b>388,571</b>	<b>387,309</b>	<b>377,463</b>	<b>391,743</b>	<b>2,027,960</b>	<b>856,789</b>	<b>4,444,224</b>
<b>Net change in fund balance</b>	<b>\$ 506,459</b>	<b>\$ (839,826)</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>Debt Service as a percentage of noncapital expenditures</b>	<b>7.40%</b>	<b>7.87%</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>

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

**Table 5**

Fiscal Year Ending June 30	Real Property	Personal Property	Public Service Companies	Less Elderly Exemptions	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value of Real Property
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	1,778,975,319	109.36%
2014	1,581,876,781	44,062,526	5,070,562	1,324,350	1,629,685,519	0.165	1,762,879,544	108.42%
2015	1,583,650,114	44,316,863	4,887,773	1,324,350	1,631,530,400	0.165	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>
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
2014	0.165	0.30
2015	0.165	0.30

Notes:

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

**Town of Atlantic Beach  
Principal Property Tax Payers  
June 30, 2015**

**Table 7**

	FY 2015				FY 2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Atlantic Newport Hospitality	\$14,550,000	1	21.71%				
Atlantic Station Prtnr LLC	10,853,858	2	16.19%	Atlantic Station Inc	\$ 5,357,079	2	12.22%
Fred M Bunn Etal James	8,103,682	3	12.09%	Fred M Bunn etal James	4,687,629	4	10.69%
Dunes Club, Inc	7,392,837	4	11.03%	Dunes Club Inc	5,066,272	3	11.56%
Crow Nest Yacht Club, Inc.	7,336,000	5	10.94%	Crow Nest Yacht Club, Inc.	2,759,623	7	6.30%
Coral Bay Club, Inc.	6,367,446	6	9.50%	Coral Bay Club Inc	3,597,960	5	8.21%
Oceanana Resort LLC	4,641,632	7	6.92%	Oceanana Resort LLC	2,989,804	6	6.82%
Duke Energy Progress Inc	2,709,988	8	4.04%				
Pelican Park Assn	2,548,538	9	3.80%				
Ocean Ridge LLC	2,526,555	10	3.77%				
				GR&S Atlantic Beach LLC	13,055,083	1	29.78%
				Neel-Kanth LLC	2,374,481	8	5.42%
				Outer Banks Charters LLC	2,000,000	9	4.56%
				CP&L-Progress Energy	1,943,211	10	4.43%
	<u>\$ 67,030,536</u>		<u>100.00%</u>		<u>\$ 43,831,142</u>		<u>100.00%</u>

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 <u>Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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%	3,233	2,843,147	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%	18,855	2,767,024	99.91%
2013	2,777,939	2,767,352	99.62%	6,971	2,774,323	99.87%
2014	2,696,648	2,687,724	99.67%	6,813	2,694,537	99.92%
2015	2,692,663	2,688,525	99.85%	0	2,688,525	99.85%

Source: Town of Atlantic Beach Tax Reports

**Town of Atlantic Beach**  
**Computation of Legal Debt Margin**  
**June 30, 2015**

**Table 9**

Total Assessed Valuation	\$ 1,657,414,545
Legal Debt Margin:	
Debt Limit 8% of Total Assessed Value	132,593,164
Amount of Debt Applicable to Debt Limit	<u>1,979,915</u>
Legal Debt Margin	<u><u>\$ 130,613,249</u></u>

**Town of Atlantic Beach**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2015**

**Table 10**

	Net General Obligation Bonded Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	\$ -	100%	\$ -
Overlapping:			
Carteret County	36,155,697	10.79%	3,899,925
	\$ 36,155,697		\$ 3,899,925

Town's assessed valuation	\$ 1,657,414,545		
County's assessed valuation	\$ 15,365,675,000		
		10.79%	

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**

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>	<u>Population Estimate (1)</u>	<u>GO Debt Per Capita</u>
2006	204545	1,801	114
2007	101845	1,812	56
2008	25000	1,799	14
2009	0	1,800	0
2010	0	1,820	0
2011	0	1,495	0
2012	0	1,506	0
2013	0	1,504	0
2014	0	1,517	0
2015	0	1,510	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> % of Personal Income
	General Bonded Debt Outstanding	Installment Contracts	General Bonded Debt Outstanding	Installment Contracts					
2006	-	4,386,461	204,545	-	4,591,006	1,801	2,549	2,029,585	0.23%
2007	-	4,068,671	101,845	-	4,170,516	1,812	2,302	2,162,444	0.19%
2008	-	4,097,580	25,000	-	4,122,580	1,799	2,292	2,401,852	0.17%
2009	-	3,757,848	-	-	3,757,848	1,800	2,088	2,477,362	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	2,824,360	0.09%
2013	-	2,686,746	-	-	2,686,746	1,504	1,786	2,888,870	0.09%
2014	-	2,334,070	-	-	2,334,070	1,517	1,539	N/A	N/A
2015	-	1,979,915	-	-	1,979,915	1,510	1,311	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

Fiscal Year Ended <u>June 30,</u>	Estimated <u>Population (1)</u>	Unemployment <u>Ratio % (2)</u>	Per Capita <u>Personal Income (3)</u>	Personal <u>Income (3)</u>
2006	1,801	4.6	32,086	2,029,585
2007	1,821	4.5	34,241	2,162,444
2008	1,799	4.3	37,796	2,401,852
2009	1,800	7.4	38,455	2,477,362
2010	1,820	8.4	38,728	2,583,758
2011	1,495	8.5	39,174	2,639,299
2012	1,506	9.3	41,761	2,824,360
2013	1,504	8.5	42,214	2,888,870
2014	1,517	5.5	N/A	N/A
2015	1,510	6.0	N/A	N/A

Notes:

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

**Town of Atlantic Beach  
Principal Employers  
June 30, 2015**

Table 14

<u><b>Employer</b></u>	Calendar Year 2014			Calendar Year 2005		
	Employees (FTE's)	Rank	Percentage of Total	Employees (FTE's)	Rank	Percentage of Total Employment
Carteret County Board of Education	1000+	1	N/A	1000+	1	N/A
Carteret Health Care	500-999	2	N/A	1000+	2	N/A
County of Carteret	500-999	3	N/A	250-499	5	N/A
Wal-Mart Associates, Inc	250-499	4	N/A	250-499	3	N/A
Food Lion, LLC	250-499	5	N/A	100-249	9	N/A
Carteret Community College	250-499	6	N/A	250-499	6	N/A
Lowes Home Improvement	250-499	7	N/A			
Big Rock Sports LLC	250-499	8	N/A			
State of North Carolina	100-249	9	N/A	250-499	7	N/A
Lowes Food Stores	100-249	10	N/A	100-249	10	N/A
SSA Security Inc				250-499	4	N/A
Atlantic Veneer Corp				250-499	8	N/A

Notes:

1. 2014 was most recent year for which information is available and includes full-time and part-time workers
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 Nine Years**

Table 15

<b>Functions/Program</b>	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:									
Administration	3	3	3	3	3	3	3	3	3
Finance	3	3	3	3	3	3	3	3	3
Public Buildings (1)	8	8	8	8	7	7	6	6	7
Public Safety:									
Police	18	18	18	19	19	18	18	17	17
Communications	0	0	0	0	0	4	4	5	5
Fire/EMS	14	14	14	14	14	14	14	14	14
Inspections	3	2	2	2	3	3	3	3	3
Transportation:									
Streets and Highways (1)	8	8	8	8	8	8	8	8	8
Economic & Physical Development:									
Planning	1	1	1	1	1	1	1	1	1
Environmental Protection:									
Solid Waste	1	1	1	1	1	1	1	1	1
Water:									
Operations	4	4	4	4	4	4	4	4	4
<b>Total</b>	<b>63</b>	<b>62</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 Nine Years**

Table 16

<b><u>Functions/Program</u></b>	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety:									
Police calls answered	61646	52325	30462	36382	33248	15846	16588	16765	17125
Fire calls answered	823	734	574	614	395	473	570	629	603
EMS calls answered	518	548	509	500	494	485	463	474	483
Lifeguard calls answered	235	241	154	133	245	253	267	177	208
Transportation: (Streets & Highways)									
Miles of streets maintained	23.43	23.43	22.93	22.93	22.93	22.93	22.93	22.93	23.10
Environmental Protection: (Solid Waste & Sanitation)									
Solid waste collected (tons)	1,553	1,606	1,595	1,726	2,067	2,307	2,071	2,176	1,932
Recyclables collected (tons)	197	215	197	167	205	164	184	122	82
Yard debris collected (tons)	351	458	404	434	519	517	421	312	339
Public beach accesses (improved w/ structures)	18	18	17	17	17	17	17	17	16
Public beach accesses (unimproved)	3	3	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	4.6	4.6
Water:									
Number of customers served	7,089	6,969	6,980	6,984	6,859	6,973	6,998	6,932	6,912
Ave. daily consumption - summer (gallons)	839,260	857,890	796,674	892,126	1,241,000	1,030,000	856,361	864,000	851,000
Ave. daily consumption - winter (gallons)	427,879	414,953	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 Nine Years**

Table 17

<u>Functions/Program</u>	Fiscal Year								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:									
Public beach accesses (improved w/ structures)	18	18	17	17	17	17	17	17	16
Public Safety:									
Number of police stations	1	1	1	1	1	1	1	1	1
Number of patrol units	20	20	20	20	20	20	20	20	27
Number of patrol boats	2	2	2	2	2	2	2	2	2
Number of fire/EMS stations	1	1	1	1	1	1	1	1	1
Number of engines	2	2	2	2	2	2	2	2	2
Number of ambulances	2	2	2	2	2	2	2	2	2
Number of rescue trucks	1	1	1	1	1	1	1	1	1
Number of rescue boats	1	1	1	1	1	1	1	1	1
Transportation: (Streets & Highways)									
Miles of streets	23.43	23.43	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	2	2
Number of backhoes	2	2	2	2	2	2	2	2	2
Water:									
Number of Wells	6	6	6	6	6	6	6	6	6
Number of water tanks	3	3	3	3	3	3	3	3	3
Capacity of water tanks (gallons each)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Daily max. pumping capacity of wells (gal/day)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	1,740,000	1,740,000
Miles of water mains	50	50	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



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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Atlantic Beach, North Carolina, as of and for the year ended June 30, 2015, 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, 2015.

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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

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

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

*Wilmington, North Carolina*

*October 15, 2015*



Town of Atlantic Beach, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2015

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**Section II - Financial Statement Findings**

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None.

Town of Atlantic Beach, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2015

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**Section II - Financial Statement Findings**

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None.