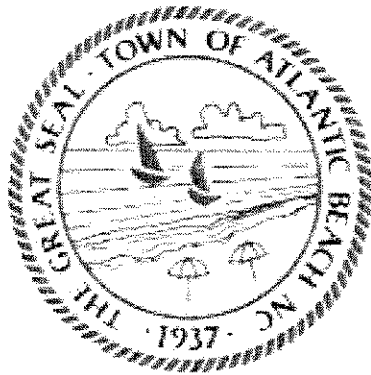


Statistical Section
Unaudited



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**TOWN OF ATLANTIC BEACH, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Public Works	Building Inspections	Capital Projects	Debt Service	Total	
							Expenditures	By Function
1996	577,530	1,467,426	805,359	89,082	1,190,366	226,364	4,356,127	4,356,127
1997	515,444	1,685,481	968,165	108,768	-	416,141	3,693,999	3,693,999
1998	454,709	1,453,557	776,757	114,847	346,412	375,197	3,521,479	3,521,479
1999	490,386	1,577,343	938,812	121,458	503,133	215,026	3,846,158	3,846,158
2000	473,402	1,662,816	939,577	120,958	599,083	220,843	4,016,679	4,016,679
2001	536,993	2,014,639	958,512	122,456	460,444	235,619	4,328,663	4,328,663
2002	578,667	2,176,379	1,147,908	126,838	-	349,742	4,379,534	4,379,534
2003	552,487	1,966,901	1,149,941	143,282	-	69,660	3,882,271	3,882,271
2004	558,815	2,625,873	1,083,941	179,653	8,000	102,590	4,558,872	4,558,872
2005	543,186	2,130,791	1,154,989	117,968	9,238	152,161	4,108,333	4,108,333

NOTES:

- (1) Past year's expenditures are presented to be consistent with the current year's report presentation.
(2) All governmental fund types are included in expenditures.

**TOWN OF ATLANTIC BEACH, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

Fiscal Year	Ad		Other		Inter Governmental	Permits and Fees	Sales and Services	Investment Earnings	Miscellaneous	Total Revenues By Source
	Valorem Taxes	Taxes and Licenses	Taxes and Licenses	Taxes and Licenses						
1996	1,749,890	1,044,808	355,701	109,008	248,083	140,014	25,430	3,672,934		
1997	1,766,933	1,028,422	508,416	151,606	251,435	128,821	112,152	3,947,785		
1998	1,942,548	1,011,353	375,393	165,792	251,761	141,971	17,008	3,905,826		
1999	1,788,655	1,013,489	544,040	227,091	282,511	106,896	23,509	3,986,191		
2000	1,775,262	922,139	842,120	172,019	320,477	148,674	-	4,180,691		
2001	1,743,749	793,819	640,994	170,814	333,499	166,937	6,484	3,856,296		
2002	1,736,037	731,361	441,140	251,115	353,050	70,672	60,417	3,643,792		
2003	1,915,505	720,050	485,212	319,504	440,542	32,934	118,574	4,032,321		
2004	1,948,643	826,115	496,519	266,862	527,360	23,628	93,422	4,182,549		
2005	2,002,632	896,439	509,377	276,179	544,253	48,042	35,135	4,312,057		

NOTES:

(1) All governmental fund types are included in revenues.

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE
PROPERTY AND OVERLAPPING RATES
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

Calendar Tax Year	Fiscal Year Ended June, 30	Real Property	Personal Property	Public Service Companies	Less Elderly Exemptions	Total Assessed Value	Tax Rate	Carteret County Tax Rate
1995	1996	355,281,814	36,995,044	4,365,015	175,872	396,466,001	0.45	0.51
1996	1997	357,891,081	34,195,974	3,818,255	168,866	395,736,444	0.45	0.51
1997	1998	531,506,932	40,082,370	4,838,064	173,248	576,254,118	0.34	0.04
1998	1999	535,156,493	42,349,887	4,773,608	132,569	582,147,419	0.31	0.50
1999	2000	543,757,624	44,361,690	4,535,537	124,184	592,530,667	0.30	0.50
2000	2001	558,151,356	43,861,560	4,530,058	164,009	606,378,965	0.29	0.50
2001	2002	767,047,214	43,719,877	4,726,617	224,185	815,269,523	0.21	0.44
2002	2003	781,079,909	42,979,625	4,705,787	431,775	828,333,546	0.23	0.42
2003	2004	794,036,967	47,597,889	4,696,679	788,057	845,543,478	0.23	0.42
2004	2005	803,693,168	61,190,081	4,725,284	542,942	869,065,591	0.23	0.42

(1) Information obtained from Town Tax Collector

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS AND CREDITS
LAST TEN FISCAL YEARS (1)
(UNAUDITED)

TABLE 4

Calendar Tax Year	Fiscal Year Ended	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Tax Levy
1995	1996	1,784,097	1,749,890	98.08%	25,915	1,775,805	99.54%	54,042	3.03%
1996	1997	1,780,814	1,766,933	99.22%	40,698	1,807,631	101.51%	26,637	1.50%
1997	1998	1,959,264	1,942,989	99.17%	9,717	1,952,706	99.67%	32,579	1.66%
1998	1999	1,804,657	1,793,140	99.36%	14,845	1,807,985	100.18%	17,393	0.96%
1999	2000	1,782,179	1,755,599	98.51%	15,696	1,771,295	99.39%	22,703	1.27%
2000	2001	1,758,499	1,732,446	98.52%	7,852	1,740,298	98.96%	40,904	2.33%
2001	2002	1,712,066	1,704,205	99.54%	27,714	1,731,919	99.54%	20,980	1.23%
2002	2003	1,905,167	1,898,060	99.63%	13,857	1,911,917	99.63%	14,230	0.75%
2003	2004	1,944,750	1,938,355	99.67%	5,474	1,943,829	99.67%	15,151	0.78%
2004	2005	1,998,851	1,992,794	99.70%	5,811	1,998,605	99.99%	17,343	0.87%

(1) Town Records

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1996	87,805	77,840	165,645	4,356,127	3.8%
1997	89,931	77,927	167,857	3,693,999	4.5%
1998	453,327	69,458	522,784	3,521,479	14.8%
1999	116,701	47,889	164,591	3,846,158	4.3%
2000	120,492	57,648	178,140	4,016,679	4.4%
2001	191,516	44,103	235,619	4,328,663	5.4%
2002	312,929	36,813	349,742	4,379,534	7.9%
2003	50,000	19,660	69,660	3,882,271	1.8%
2004	86,463	16,127	102,590	4,558,872	2.3%
2005	89,200	31,206	120,406	4,108,333	2.9%

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Assessed Value(1)	Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Population	Net Bonded Debt Per Capita
1996	396,466,001	1,382,163	0.349%	2,255	613
1997	395,736,544	1,292,232	0.327%	2,304	561
1998	576,254,118	838,906	0.146%	2,297	365
1999	564,178,710	722,204	0.128%	2,298	314
2000	592,530,667	719,028	0.121%	2,298	313
2001	606,378,965	499,497	0.082%	1,786	280
2002	815,269,523	565,543	0.069%	1,777	225
2003	828,333,546	472,745	0.057%	1,780	197
2004	845,543,478	389,345	0.046%	1,765	221
2005	869,065,591	300,145	0.035%	1,791	168

(1) Town Tax Collector

**TOWN OF ATLANTIC BEACH, NORTH CAROLINA
PROPERTY VALUES AND CONSTRUCTION PERMITS
LAST TEN FISCAL YEARS**

Table 7

CALENDAR TAX YEAR	NUMBER OF PERMITS(1)	TOTAL VALUE	FISCAL YEAR ENDED JUNE 30.
1995	208	5,748,965	1996
1996	221	7,896,398	1997
1997	233	9,184,772	1998
1998	313	9,265,201	1999
1999	238	10,093,857	2000
2000	161	7,607,413	2001
2001	184	6,161,854	2002
2002	246	8,905,015	2003
2003	254	13,296,273	2004
2004	269	23,863,201	2005

NOTES:

(1) Information provided by Town's Building and Inspection Department

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005
(UNAUDITED)

Table 8

Total Assessed Valuation	\$ 869,065,591
Legal Debt Margin:	
Debt Limit 8% of Total Assessed Value	69,525,247
Amount of Debt Applicable to Debt Limit	<u>300,145</u>
Legal Debt Margin	<u><u>\$ 69,225,102</u></u>

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30,2005
(UNAUDITED)

Table 9

	Net General Obligation Bonded Debt	Percentage Applicable to Town (1)	Amount Applicable to Town
Direct:			
Town of Atlantic Beach	\$ 300,145	100%	\$ 300,145
Overlapping:			
Carteret County	<u>27,650,000</u>	11%	<u>3,041,500</u>
	<u>\$ 27,950,145</u>		<u>\$ 3,341,645</u>

(1) 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's assessed valuation	\$ 869,065,591
County's assessed valuation	\$7,894,113,058
	11%

**TOWN OF ATLANTIC BEACH
MISCELLANEOUS STATISTICS
JUNE 30, 2005**

TABLE 10

Population		1,791
Date of Incorporation		1,937
Form of Government		Council/Manager
Area (Extra-territorial Jurisdiction)		2.3 Square Miles
Miles of paved street (State Maintained)		6
City Maintained Paved		17
City Maintained Unpaved		0
Number of Street Lights		469
Employees		61
Fire Protection:		
Number of Stations		1
Number of Firemen/Officers		13
Number of Volunteers		15
I.S.O. Rating		4
Number of Hydrants		231
Police Department:		
Number of Stations		1
Number of Police/Officers Paid		17
Number of Auxiliary		0
Number of Civilians Paid		6
Water Department:		
Number of Consumers		6,912
Average Daily Consumption - Summer (April - Oct.)		831,000
Average Daily Consumption - Winter (Nov. - March)		406,000
Number of Wells		6
Number of Water Tanks (size)	3	500,000
Daily Max Pumping Capacity of Wells	Gal/Day	1,740,000
Public Beach Accesses:		
Number Improved with Structures		15
Number Un-Improved		3
Miles of Public Beachfront		4.6 Miles
Tax Base		\$869,065,591
Tax Rate		23c per \$100

**TOWN OF ATLANTIC BEACH, NORTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE 11

Fiscal Year Ended June 30,	Estimated Population (1)	Unemployment Ratio % (2)
1996	2,255	5.20
1997	2,304	3.20
1998	2,297	3.0
1999	2,298	3.0
2000	2,298	3.1
2001	1,786	4.9
2002	1,777	5.8
2003	1,780	4.8
2004	1,765	2.8
2005	1,791	4.0

(1) NC League of Municipalities

(2) Employment Security Commission

**TOWN OF ATLANTIC BEACH, NORTH CAROLINA
PROPERTY TAX LEVIES - CARTERET COUNTY AND MUNICIPALITIES
LAST TEN FISCAL YEARS (1)**

FISCAL YEAR ENDED JUNE 30	CARTERET COUNTY	ATLANTIC BEACH	BEAUFORT	BOGUE	CAPE CARTERET	CEDAR POINT	EMERALD ISLE	INDIAN BEACH	MOREHEAD CITY	NEWPORT	PELLETIER	PINE KNOLL SHORES	TOTAL TAX LEVIES
1996	19,766,847	1,778,615	709,115	-	283,654	30,628	1,395,277	133,831	1,870,265	335,484		618,775	26,924,491
1997	20,350,690	1,777,602	721,406	8,708	296,217	34,581	1,459,067	139,909	1,958,952	340,425	3,956	629,394	27,720,907
*1998	23,860,703	1,938,175	882,595	11,065	303,648	43,895	1,726,922	156,853	2,405,473	406,717	8,284	643,173	32,387,503
1999	24,438,385	1,801,257	898,436	11,755	316,252	44,822	1,901,611	177,943	2,568,935	469,100	9,905	655,710	33,294,311
2000	30,583,154	1,771,937	927,657	13,058	347,180	48,127	2,048,097	180,926	2,655,846	518,691	11,722	673,087	39,779,502
2001	32,752,217	1,765,884	1,078,898	14,288	352,540	57,084	2,099,668	190,873	2,771,792	529,075	11,518	690,696	42,314,533
2002	34,539,854	1,726,765	1,279,479	18,705	398,979	76,059	2,365,569	700,192	3,282,582	612,737	17,106	856,672	45,874,699
2003	34,267,091	1,903,475	1,347,795	18,784	417,378	80,627	4,475,891	727,051	3,421,986	693,513	17,031	1,945,753	49,316,375
2004	35,721,378	1,972,470	1,448,777	20,712	436,623	102,815	4,415,822	792,617	3,583,780	734,328	19,197	2,123,935	51,372,454
2005	36,686,952	2,004,740	1,593,537	21,425	455,526	106,266	4,356,885	445,109	3,713,437	786,464	18,888	2,138,411	52,327,640

(1) NC Department of Revenue - Sales Tax Division

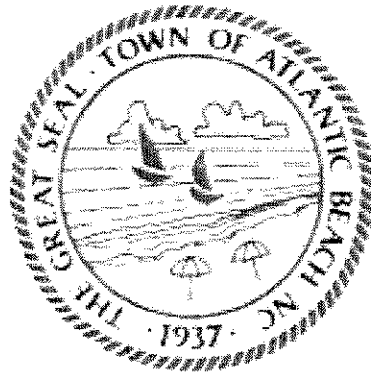
Note: Values are stated at September 30

* Revaluation year

TOWN OF ATLANTIC BEACH, NORTH CAROLINA
TOP TEN TAXPAYERS
JUNE 30, 2005

TABLE 13

TAXPAYER	TYPE OF BUSINESS	VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION
GR&S Atlantic Beach, LLC	Hotel	13,055,083	1.50%
Atlantic Station, Inc.	Shopping Center	5,357,079	0.62%
Dunes Club, Inc.	Private Club	5,066,272	0.58%
Fred M Bunn Etal James	Mobile Home Park/Marina	4,687,629	0.54%
Coral Bay Club, Inc.	Private Club	3,597,960	0.41%
Oceanana Resort LLC	Motel	2,989,804	0.34%
James H Pou Bailey, Jr	Marina/Mobile Home Park	2,759,623	0.32%
Neel-Kanth, LLC	Motel	2,374,481	0.27%
Outer Banks Charters, LLC	Boat	2,000,000	0.23%
CP&L-Progress Energy	Corporate Excess	1,943,211	0.22%
		<u>43,831,142</u>	<u>5.04%</u>



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RESPOND TO:

New Bern

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

In planning and performing our audit of the financial statements of the Town of Atlantic Beach, North Carolina for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Town of Atlantic Beach's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

1. Cash Disbursements

The disbursements should include proper supporting documents, including an approved purchase order or contract. Our tests revealed instances where one of the department heads incurred expenditures without proper purchase order procedures being followed. We recommend that all department heads be required to obtain approved purchase orders on all disbursements that in the aggregate exceed \$100.00. This will ensure accountability. It should be noted that the contract was paid during the period under the previous Town Manager. Our tests revealed no instances of noncompliance under the new Town Manager.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of the Town Council, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Carter, Williams & Scarborough, LLP

CARTER, WILLIAMS & SCARBOROUGH, L.L.P.

November 1, 2005