

Town of Atlantic Beach, North Carolina
Statement of Net Assets
June 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,685,458	\$ 2,324,682	\$ 6,010,140
Taxes receivables (net)	15,485	-	15,485
Accounts receivable (net)	429,122	125,525	554,647
Due from other governments	-	-	-
Inventories	-	40,522	40,522
Total current assets	4,130,065	2,490,729	6,620,794
Capital assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	5,222,967	-	5,222,967
Other capital assets, net of depreciation	1,181,645	3,599,591	4,781,236
Total capital assets	6,404,612	3,599,591	10,004,203
Total assets	\$ 10,534,677	\$ 6,090,320	\$ 16,624,997
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 309,558	\$ 78,748	\$ 388,306
Unearned revenue	2,623	-	2,623
Accrued interest payable	60,340	-	60,340
Customer deposits	-	11,085	11,085
Customer advances	-	6,720	6,720
Current portion of long term debt	327,989	80,289	408,278
Total current liabilities	700,510	176,842	877,352
Long-term liabilities:			
Due in more than one year	3,931,707	34,960	3,966,667
Total long term liabilities	3,931,707	34,960	3,966,667
Total liabilities	4,632,217	211,802	4,844,019
NET ASSETS			
Invested in capital assets, net of related debt	2,335,942	3,484,342	5,820,284
Restricted for			
Streets - Powell Bill	266,799	-	266,799
Unrestricted	3,299,719	2,394,176	5,693,895
Total net assets	\$ 5,902,460	\$ 5,878,518	\$ 11,780,978

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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 664,737	\$ -	\$ -	\$ -
Public safety	2,840,052	349,709	383,634	265,393
Transportation	200,212	-	69,583	-
Public works	1,499,528	534,167	2,250	-
Public service	506,782	70,440	-	-
Interest on long-term debt	191,533	-	-	-
Total governmental activities (See Note 1)	5,902,844	954,316	455,467	265,393
Business-type activities:				
Water	884,080	967,400	-	-
Total business-type activities	884,080	967,400	-	-
Total primary government	\$ 6,786,924	\$ 1,921,716	\$ 455,467	\$ 265,393

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Special item - revenue

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets, beginning

Net assets, ending

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

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (664,737)	\$ -	\$ (664,737)
(1,841,316)	-	(1,841,316)
(130,629)	-	(130,629)
(963,111)	-	(963,111)
(436,342)	-	(436,342)
(191,533)	-	(191,533)
(4,227,668)	-	(4,227,668)
-	83,320	83,320
-	83,320	83,320
(4,227,668)	83,320	(4,144,348)
2,372,676	-	2,372,676
923,986	-	923,986
445,100	-	445,100
220,983	123,203	344,186
698,997	-	698,997
344,333	(344,333)	-
5,006,075	(221,130)	4,784,945
778,407	(137,810)	640,597
5,124,053	6,016,328	11,140,381
\$ 5,902,460	\$ 5,878,518	\$ 11,780,978

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, 2007

	Major General Fund	Major Circle Fund	Non-Major Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,073,386	\$ 1,271,448	\$ 340,624	\$ 3,685,458
Receivables, net:				
Taxes	15,485	-	-	15,485
Accounts	429,122	-	-	429,122
Total assets	<u>\$ 2,517,993</u>	<u>\$ 1,271,448</u>	<u>\$ 340,624</u>	<u>\$ 4,130,065</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 309,558	\$ -	\$ -	\$ 309,558
Deferred/Unearned revenue	18,108	-	-	18,108
Total liabilities	<u>327,666</u>	<u>-</u>	<u>-</u>	<u>327,666</u>

(continued)

Town of Atlantic Beach, North Carolina
Balance Sheet
Governmental Funds
June 30, 2007

	Major General Fund	Major Circle Fund	Non-Major Fund	Total Governmental Funds
Fund balances:				
Reserved for:				
State statute	\$ 426,499	\$ -	\$ -	\$ 426,499
Streets Powell bill	266,799	-	-	266,799
Unreserved, General Fund	1,051,799	-	-	1,051,799
Designated for subsequent year's expenditures	445,230			445,230
Unreserved, reported in:				
Special Revenue Funds	-	1,271,448	340,624	1,612,072
Total fund balances	<u>2,190,327</u>	<u>1,271,448</u>	<u>340,624</u>	<u>3,802,399</u>
Total liabilities and fund balances	<u>\$ 2,517,993</u>	<u>\$ 1,271,448</u>	<u>\$ 340,624</u>	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

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

6,404,612

Liabilities for earned but deferred revenues in fund statements.

15,485

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 5).

(4,320,036)

Net assets of governmental activities

\$ 5,902,460

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

	Major General Fund	Major Circle Fund	Non-Major Fund	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 2,375,991	\$ -	\$ -	\$ 2,375,991
Other taxes and licenses	923,986	-	-	923,986
Unrestricted intergovernmental	445,100	-	-	445,100
Restricted intergovernmental	718,610	-	-	718,610
Permits and fees	233,733	-	-	233,733
Sales and services	678,528	-	-	678,528
Investment earnings	114,148	91,956	14,880	220,984
Miscellaneous	743,302	-	-	743,302
Total revenues	6,233,398	91,956	14,880	6,340,234
EXPENDITURES				
Current:				
General government	613,479	-	-	613,479
Public safety	2,868,494	-	-	2,868,494
Transportation	200,212	-	-	200,212
Public works	2,710,346	-	-	2,710,346
Public service	506,782	-	-	506,782
Debt service:				
Principal	317,790	-	-	317,790
Interest and other charges	196,026	-	-	196,026
Total expenditures	7,413,129	-	-	7,413,129
Revenue over (under) expenditures	(1,179,731)	91,956	14,880	(1,072,895)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	432,084	(344,333)	(87,751)	-
Transfers from major funds	424,705	(424,705)	-	-
Total other financing sources (uses)	856,789	(424,705)	(87,751)	-
Net change in fund balance	(322,942)	(332,749)	(72,871)	(728,562)
Fund balance, beginning as previously reported	2,612,523	1,604,197	413,495	4,530,961
Prior period adjustment (Note III.D)	(99,254)			
Fund balance, beginning as restated	2,513,269	1,604,197	413,495	4,530,961
Fund balance, ending	\$ 2,190,327	\$ 1,271,448	\$ 340,624	\$ 3,802,399

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Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

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

Net changes in fund balances - total governmental funds	\$ (728,562)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,211,008
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues	(3,316)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	317,790
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(7,715)
Accrued interest payable	4,493
Net pension obligation	<u>(15,291)</u>

Total changes in net assets of governmental activities	<u><u>\$ 778,407</u></u>
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Town of Atlantic Beach, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2007

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 2,349,311	\$ 2,352,161	\$ 2,375,991	\$ 23,830
Other taxes and licenses	855,000	855,000	923,986	68,986
Unrestricted intergovernmental	422,412	422,412	445,100	22,688
Restricted intergovernmental	103,925	839,201	718,610	(120,591)
Permits and fees	371,270	371,270	233,733	(137,537)
Sales and services	607,000	636,355	678,528	42,173
Investment earnings	125,000	125,000	114,148	(10,852)
Miscellaneous	2,900	8,370	743,302	734,932
Total revenues	<u>4,836,818</u>	<u>5,609,769</u>	<u>6,233,398</u>	<u>623,629</u>
Expenditures:				
Current:				
General government	630,661	653,586	613,479	40,107
Public safety	2,833,167	2,891,576	2,868,494	23,082
Transportation	155,000	220,600	200,212	20,388
Public works	1,579,698	2,572,048	2,710,346	(138,298)
Public service	543,857	569,622	506,782	62,840
Debt service:				
Principal retirement	317,790	317,790	317,790	-
Interest and other charges	198,192	198,192	196,026	2,166
Total expenditures	<u>6,258,365</u>	<u>7,423,414</u>	<u>7,413,129</u>	<u>10,285</u>
Revenues over (under) expenditures	<u>(1,421,547)</u>	<u>(1,813,645)</u>	<u>(1,179,731)</u>	<u>633,914</u>
Other Financing Sources				
Transfers from other funds	<u>830,518</u>	<u>1,115,207</u>	<u>856,789</u>	<u>(258,418)</u>
Fund balance appropriated	591,029	698,438	-	698,438
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(322,942)</u>	<u>\$ (322,942)</u>
Fund balances, beginning as previously reported			2,612,523	
Prior period adjustment			<u>(99,254)</u>	
Fund balances, beginning as restated			<u>2,513,269</u>	
Fund balances, ending			<u>\$ 2,190,327</u>	

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

Town of Atlantic Beach, North Carolina
Statement of Net Assets
Proprietary Fund - Public Utilities Fund
June 30, 2007

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,324,682
Accounts receivable (net) - billed	80,385
Accounts receivable (net) - unbilled	45,140
Inventories	40,522
Total current assets	<u>2,490,729</u>

Non-current assets:

Capital assets:

Capital assets, net of depreciation	<u>3,599,591</u>
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Total assets	<u>\$ 6,090,320</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$ 78,748
Customer advances on water bills	6,720
Customer deposits	11,085
Current portion of long-term debt	76,845
Total current liabilities	<u>173,398</u>

Noncurrent liabilities:

Noncurrent portion of long-term debt	<u>38,404</u>
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Total liabilities	<u>211,802</u>
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NET ASSETS

Invested in capital assets, net of related debt	3,484,342
Unrestricted	<u>2,394,176</u>
Total net assets	<u>\$ 5,878,518</u>

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

Town of Atlantic Beach, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2007

OPERATING REVENUES	
Charges for services	\$ 745,143
Water and sewer tap	118,800
Miscellaneous	103,457
Total operating revenues	<u>967,400</u>
OPERATING EXPENSES	
Administration	210,415
Water treatment and distribution	450,759
Depreciation	206,878
Total operating expenses	<u>868,052</u>
Operating income	<u>99,348</u>
NONOPERATING REVENUE (EXPENSES)	
Investment income	123,203
Interest expenses	(16,028)
Total nonoperating revenue (expenses)	<u>107,175</u>
Income before contributions and transfers	206,523
Transfers to other funds	<u>(344,333)</u>
Change in net assets	(137,810)
Total net assets, beginning	6,016,328
Total net assets, ending	<u>\$ 5,878,518</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, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 978,134
Cash paid to employees	(160,682)
Cash paid for services	(454,009)
Net cash provided by operating activities	<u>363,443</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers to other funds	<u>(344,333)</u>
Net cash flows (used) by noncapital financing activities	<u>(344,333)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on bond maturities and equipment contracts	(102,700)
Interest paid on bond maturities and equipment contracts	(16,028)
Acquisition of capital assets	(35,716)
Net cash (used) by capital and related financing activities	<u>(154,444)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	<u>123,203</u>
Net increase in cash and cash equivalents	(12,131)
Balances, beginning	<u>2,336,813</u>
Balances, ending	<u>\$ 2,324,682</u>

(continued)

Town of Atlantic Beach, North Carolina
Statement of Cash Flows
Proprietary Fund - Public Utilities Fund
For the Year Ended June 30, 2007

Reconciliation of operating income to net cash provided by operating activities

Operating income	<u>\$ 99,348</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	206,878
Changes in assets and liabilities:	
Decrease in accounts receivable	10,734
(Increase) in inventory	(17,965)
Increase in accounts payable and accrued liabilities	63,920
Increase in customer advances on water bills	745
(Decrease) in customer deposits	(4,818)
Increase in accrued vacation pay	4,601
Total adjustments	<u>264,095</u>
Net cash provided by operating activities	<u><u>\$ 363,443</u></u>

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