

**Town of Caswell Beach, North Carolina**  
**Caswell Beach, North Carolina**  
**Financial Statements**  
**June 30, 2015**

**Town of Caswell Beach, North Carolina**  
**Financial Statements**  
**June 30, 2015**

Mayor

Harry Q. Simmons Jr.

Town Council

Deborah G. Ahlers

Martha J. Hardy

Daniel J. O'Neill

George F. Kassler

Audrey L. Ellinger

Town Administrator/Finance Officer

Chad Hicks

Assistant Finance Officer

Christy L. Fox

Town Clerk

Linda C. Bethune

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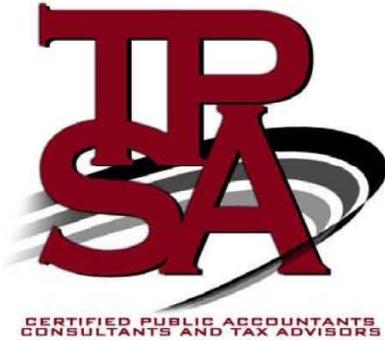
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## **Financial Section**



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Alan W. Thompson, CPA  
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### Independent Auditors' Report

To the Honorable Mayor and  
Members of the Town Council  
Caswell 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 Caswell Beach, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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.

#### ***Auditors' 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 of 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 auditors' 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 financial statement 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.

*Members*  
*American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms*

## *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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Caswell Beach, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund, the Accommodations Tax Fund, and the Beach Renourishment 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 Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress on Exhibit A, and the Local Government Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Asset and Contributions on Exhibits B and B-1 be presented to supplement the basic financial statements. Such information, although not a required 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 Caswell 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 statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates 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.

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

Thompson, Price, Scott, Adams & Co, PA  
November 13, 2015

## **Management Discussion and Analysis**

## Management's Discussion and Analysis

As management of the Town of Caswell Beach, we offer readers of the Town of Caswell Beach financial statements this narrative overview and analysis of the financial activities of the Town of Caswell 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.

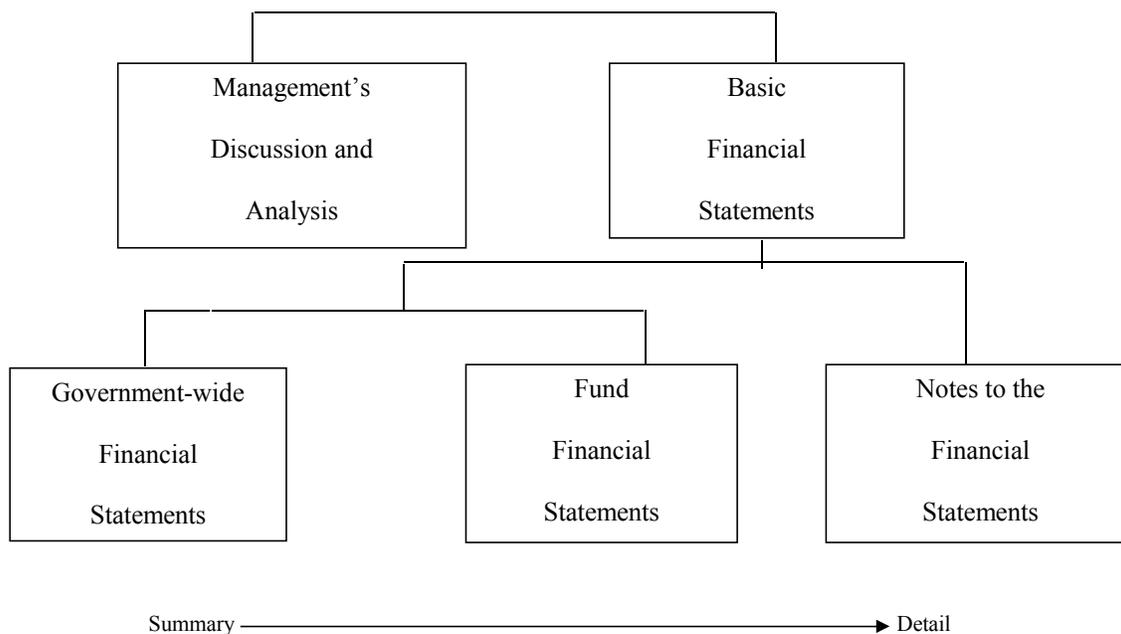
### Financial Highlights

- The assets and deferred outflows of resources of the Town of Caswell Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,888,170 (net position).
- The government's total net position decreased by \$78,818 due to an increase in the governmental-type activities net position and a decrease in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Caswell Beach's governmental funds reported combined ending fund balances of \$2,484,560, a decrease of \$51,991 in comparison with the prior year. Approximately 22 percent of this total amount, or \$539,574, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$539,574 or approximately 47 percent of total general fund expenditures for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Caswell Beach basic financial statements. The Town of Caswell Beach 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 Caswell Beach.

**Required Components of Annual Financial Report**  
**Figure 1**



### Basic Financial Statements

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

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

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

### **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 they have 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, 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. This includes the water and sewer services offered by the Town of Caswell Beach. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town. The town does not have any component units that should be reported.

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 Caswell 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 Caswell 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 which is the General Fund. This fund focuses 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 are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position 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 Caswell Beach adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. 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 Caswell Beach has one proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Caswell Beach uses an enterprise fund to account for its water and sewer activity. This fund is the same as the functions shown in the business-type activities in the Statement of Net Position 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 follow directly behind the basic financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Caswell Beach.

**Interdependence with Other Entities:** The Town depends on financial resources flowing from, or associated with, both the 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 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 government and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis**

**Town of Caswell Beach Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,564,086	\$ 2,697,175	\$ 818,269	\$ 838,449	\$ 3,382,355	\$ 3,535,624
Capital assets	5,019,359	4,887,541	5,890,030	6,023,208	10,909,389	10,910,749
Deferred outflows of resources	25,835	-	9,966	-	35,801	-
Total assets and deferred outflows of resources	7,609,280	7,584,716	6,718,265	6,861,657	14,327,545	14,446,373
Long-term liabilities outstanding	38,825	36,228	1,203,200	1,276,636	1,242,025	1,312,864
Other liabilities	73,857	102,021	55,207	64,500	129,064	166,521
Deferred inflows of resources	83,066	-	32,045	-	115,111	-
Total liabilities and deferred inflows of resources	195,748	138,249	1,290,452	1,341,136	1,486,200	1,479,385
Net position:						
Net investment in capital assets	5,019,359	4,887,541	4,690,030	4,748,208	9,709,389	9,635,749
Restricted	94,709	128,931	-	-	94,709	128,931
Unrestricted	2,333,254	2,429,995	750,818	772,313	3,084,072	3,202,308
Total net position	\$ 7,447,322	\$ 7,446,467	\$ 5,440,848	\$ 5,520,521	\$ 12,888,170	\$ 12,966,988

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Caswell Beach exceeded liabilities and deferred inflows by \$12,888,170 as of June 30, 2015. The Town's net position decreased by \$78,818 for the fiscal year ended June 30, 2015. However, the largest portion \$9,709,389 reflects the Town's net investment in capital assets (e.g. land, construction in progress, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Caswell Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Caswell Beach's net investment in 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. An additional portion of the Town of Caswell Beach's net position \$94,709 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,084,072 is unrestricted. Also, the Town of Caswell 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 \$65,596. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Caswell Beach's management.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.14%, which is higher than the statewide average of 97.97%.

### Town of Caswell 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	\$ 41,980	\$ 37,469	\$ 818,237	\$ 829,635	\$ 860,217	\$ 867,104
Operating grants and contributions	8,954	8,795	-	-	8,954	8,795
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	568,466	561,839	-	-	568,466	561,839
Other taxes	464,866	403,197	-	-	464,866	403,197
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Donated Capital Asset	-	-	-	-	-	-
Other	24,547	41,841	4,916	2,789	29,463	44,630
Total revenues	<u>1,108,813</u>	<u>1,053,141</u>	<u>823,153</u>	<u>832,424</u>	<u>1,931,966</u>	<u>1,885,565</u>
<b>Expenses:</b>						
General government	508,046	568,571	-	-	508,046	568,571
Public safety	386,799	390,408	-	-	386,799	390,408
Transportation	9,072	9,072	-	-	9,072	9,072
Economic Development	4,203	5,566	-	-	4,203	5,566
Environmental Protection	143,719	180,256	-	-	143,719	180,256
Culture and Recreation	8,784	4,050	-	-	8,784	4,050
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	884,565	900,615	884,565	900,615
Total expenses	<u>1,060,623</u>	<u>1,157,923</u>	<u>884,565</u>	<u>900,615</u>	<u>1,945,188</u>	<u>2,058,538</u>
Increase (decrease) in net position before transfers	48,190	(104,782)	(61,412)	(68,191)	(13,222)	(172,973)
Transfers	-	300,000	-	(300,000)	-	-
Increase (decrease) in net position	48,190	195,218	(61,412)	(368,191)	(13,222)	(172,973)
Net position, July 1	7,446,467	7,251,249	5,520,521	5,888,712	12,966,988	13,139,961
Net position, beginning, restated	7,399,132	7,251,249	5,502,260	5,888,712	12,901,392	13,139,961
Net position, June 30	<u>\$ 7,447,322</u>	<u>\$ 7,446,467</u>	<u>\$ 5,440,848</u>	<u>\$ 5,520,521</u>	<u>\$ 12,888,170</u>	<u>\$ 12,966,988</u>

**Governmental Activities:** Governmental activities increased the Town's net position by \$855, thereby accounting for 100% of the total increase in the net position of the Town of Caswell Beach. Key elements of this increase are as follows:

- The Town maintained a very high collection rate for property taxes assessed.

**Business-type activities:** Business-type activities decreased the Town of Caswell Beach's net position by \$79,673, accounting for 100% of the total decrease in the government's net position. Key elements of this increase are as follows:

- Depreciation expense for the capital assets in the enterprise fund totaled \$133,178 for the year.

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

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

**Governmental Funds.** The focus of the Town of Caswell 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 of Caswell Beach financing requirements.

The general fund is the chief operating fund of the Town of Caswell Beach. At the end of the current fiscal year, Town of Caswell Beach's fund balance available in the General Fund was \$539,574, while total fund balance reached \$606,770. The Town currently has an available fund balance of 47% of general fund expenditures, while total fund balance represents 54% of the same amount.

At June 30, 2015, the governmental funds of Town of Caswell Beach reported a combined fund balance of \$2,484,560, with a net decrease in fund balance of \$51,991. Included in this change in fund balance are increases in fund balance in all governmental funds, with the exception of the Capital Reserve Fund, mainly due to operating transfers to the General Fund.

**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.

The budgetary amendments for FY 14-15 were due to necessary increases in appropriations in order to meet and maintain service needs of the Town's departments.

**Proprietary Funds.** The Town of Caswell Beach's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$750,818. The total decrease in net position was \$79,673. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Caswell Beach's business-type activities.

### **Capital Assets and Debt Administration**

**Capital Assets.** The Town of Caswell Beach investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$10,909,389 (net of accumulated depreciation). These assets include buildings, land, construction in progress, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Construction in process on new public services facility
- Purchase of a new police vehicle

**Town of Caswell Beach Capital Assets**  
**Figure 4**  
**Town of Caswell Beach Capital Assets**  
**(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land, including Easements	\$ 3,563,803	\$ 3,563,803	\$ 33,029	\$ 33,029	\$ 3,596,832	\$ 3,596,832
Construction in Progress	190,533	22,396	-	-	190,533	22,396
Buildings and Systems	837,944	860,472	-	-	837,944	860,472
Plant and Distribution Systems	-	-	5,857,001	5,990,179	5,857,001	5,990,179
Infrastructure and Other Improvements	292,051	305,946	-	-	292,051	305,946
Equipment	45,950	54,583	-	-	45,950	54,583
Vehicles and motorized equipment	89,078	80,341	-	-	89,078	80,341
<b>Total</b>	<b>\$ 5,019,359</b>	<b>\$ 4,887,541</b>	<b>\$ 5,890,030</b>	<b>\$ 6,023,208</b>	<b>\$ 10,909,389</b>	<b>\$ 10,910,749</b>

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

**Long-term Debt.** As of June 30, 2015, the Town of Caswell Beach had debt of \$1,200,000, which consisted of a Revolving Loan.

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

The primary factors impacting the FY 2015-2016 budget are as follows:

- A slight increase in salaries and wages and its related expenses due to a cost of living adjustment given to employees of the Town.
- Ad Valorem revenue will increase as the tax rate was raised. We expect taxes and collections to remain at a high collection rate.
- The construction of a new public services facility has begun and will have some impact on the FY 2015-2016 budget.

**Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Tax Rate.** The town tax rate will be raised to \$.22 per \$100 of valuation. This increase is due, in part, to the start of construction on the new public services facility that will house the Yaupon Beach Fire Department, the Caswell Beach Police Department and the Public Works Department. The debt service on this project will be \$72,000 per year for ten years.

**Economic Outlook.** The general outlook for the local economy is good. The tourism activity continues to increase as reflected by the increase in accommodations tax collections.

**Fund Balance.** General Fund – Fund balance remains strong.

Revenue projections are responsibly conservative and strict budgetary control can limit spending below budgeted levels.

**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 the Director of Finance, Town of Caswell Beach, 1100 Caswell Beach Road, Caswell Beach, NC 28465. You can also call (910)-278-5471, visit our website [www.caswellbeach.org](http://www.caswellbeach.org) or send an email to [chicks@caswellbeach.org](mailto:chicks@caswellbeach.org) for more information.

## **Basic Financial Statements**

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,425,880	\$ 729,387	\$ 3,155,267
Restricted Cash and Cash Equivalents	27,513	-	27,513
Taxes Receivable (Net)	5,523	-	5,523
Accrued Interest Receivable on Taxes	146	-	146
Accounts Receivable	-	88,882	88,882
Due From County	57,193	-	57,193
Due From Other Governments	47,831	-	47,831
Prepaid Items	-	-	-
Total Current Assets	<u>2,564,086</u>	<u>818,269</u>	<u>3,382,355</u>
Non-Current Assets:			
Net Pension Asset	33,790	13,035	46,825
Capital Assets:			
Land, Non-Depreciable Improvements, and Construction in Progress	3,754,336	33,029	3,787,365
Other Capital Assets, Net of Depreciation	1,265,023	5,857,001	7,122,024
Total Capital Assets	<u>5,019,359</u>	<u>5,890,030</u>	<u>10,909,389</u>
Total Assets	<u>7,617,235</u>	<u>6,721,334</u>	<u>14,338,569</u>
<b>Deferred Outflows of Resources</b>			
Contributions to Pension Plan in Current Fiscal Year	25,835	9,966	35,801
Charge on Refunding	-	-	-
Total Deferred Outflows of Resources	<u>25,835</u>	<u>9,966</u>	<u>35,801</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	62,686	55,207	117,893
Customer Deposits	-	-	-
Clean-up Bonds	11,171	-	11,171
Current Portion of Long-Term Liabilities	6,637	75,800	82,437
Accounts Payable from Restricted Assets	-	-	-
Total Current Liabilities	<u>80,494</u>	<u>131,007</u>	<u>211,501</u>
Long-Term Liabilities:			
Due in More Than One Year	32,188	1,127,400	1,159,588
Total Liabilities	<u>112,682</u>	<u>1,258,407</u>	<u>1,371,089</u>
<b>Deferred Inflows of Resources</b>			
Prepaid Taxes	-	-	-
Pension Deferrals	83,066	32,045	115,111
Total Deferred Inflows of Resources	<u>83,066</u>	<u>32,045</u>	<u>115,111</u>
<b>Net Position</b>			
Net Investment in Capital Assets	5,019,359	4,690,030	9,709,389
Restricted For:			
Stabilization by State Statute	67,196	-	67,196
Other Functions	27,513	-	27,513
Unrestricted	2,333,254	750,818	3,084,072
Total Net Position	<u>\$ 7,447,322</u>	<u>\$ 5,440,848</u>	<u>\$ 12,888,170</u>

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

**Town of Caswell Beach, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental Activities:							
General Government	\$ 508,046	\$ -	\$ -	\$ -	\$ (508,046)	\$ -	\$ (508,046)
Cultural and Recreation	8,784	-	-	-	(8,784)	-	(8,784)
Public Safety	386,799	41,980	-	-	(344,819)	-	(344,819)
Economical and Physical Development	4,203	-	-	-	(4,203)	-	(4,203)
Environmental Protection	143,719	-	-	-	(143,719)	-	(143,719)
Transportation	9,072	-	8,954	-	(118)	-	(118)
Interest Expense	-	-	-	-	-	-	-
Total Governmental Activities	1,060,623	41,980	8,954	-	(1,009,689)	-	(1,009,689)
Business-Type Activities:							
Water and Sewer Services	884,565	818,237	-	-	-	(66,328)	(66,328)
Total Business-Type Activities	884,565	818,237	-	-	-	(66,328)	(66,328)
Total Primary Government	\$ 1,945,188	\$ 860,217	\$ 8,954	\$ -	(1,009,689)	(66,328)	(1,076,017)
General Revenues:							
Taxes:							
Property Taxes, Levied For General Purpose					568,466	-	568,466
Other Taxes					464,866	-	464,866
Unrestricted Investment Earnings					4,055	537	4,592
Miscellaneous					20,492	4,379	24,871
Donated Assets					-	-	-
Transfers							
Total General Revenues and Transfers					1,057,879	4,916	1,062,795
Change in Net Position					48,190	(61,412)	(13,222)
Net Position, Beginning Previously Reported					7,446,467	5,520,521	12,966,988
Restatement					(47,335)	(18,261)	(65,596)
Net Position, Beginning Restated					7,399,132	5,502,260	12,901,392
Net Position, Ending					\$ 7,447,322	\$ 5,440,848	\$ 12,888,170

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

**Town of Caswell Beach, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Beach Renourishment Fund	Accommodations Tax Fund		
<b>ASSETS</b>					
Cash and Cash Equivalents	604,142	1,523,412	160,781	137,545	2,425,880
Restricted Cash	-	-	-	27,513	27,513
Receivables, Net:					
Taxes	5,523	-	-	-	5,523
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Due From County	1,869	18,441	36,883	-	57,193
Due From Other Governments	47,831	-	-	-	47,831
Due From Other Funds	17,496	-	-	-	17,496
Prepaid Expenses	-	-	-	-	-
Total Assets	<u>676,861</u>	<u>1,541,853</u>	<u>197,664</u>	<u>165,058</u>	<u>2,581,436</u>
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	53,397	207	9,082	-	62,686
Clean-up Bonds	11,171	-	-	-	11,171
Due To Other Funds	-	-	-	17,496	17,496
Total Liabilities	<u>64,568</u>	<u>207</u>	<u>9,082</u>	<u>17,496</u>	<u>91,353</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Receivable	5,523	-	-	-	5,523
Total Deferred Inflows of Resources	<u>5,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,523</u>
<b>FUND BALANCES</b>					
Non Spendable					
Prepays	-	-	-	-	-
Restricted					
Stabilization by State Statute	67,196	-	-	-	67,196
Streets	-	-	-	27,513	27,513
Committed					
Community Projects and Future Capital Projects	-	-	-	120,049	120,049
Assigned					
Beach Renourishment	-	1,541,646	-	-	1,541,646
Tourism	-	-	188,582	-	188,582
Subsequent Year's Expenditures	-	-	-	-	-
Unassigned	539,574	-	-	-	539,574
Total Fund Balances	<u>606,770</u>	<u>1,541,646</u>	<u>188,582</u>	<u>147,562</u>	<u>2,484,560</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>676,861</u>	<u>1,541,853</u>	<u>197,664</u>	<u>165,058</u>	<u>2,581,436</u>

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

Total Fund Balance, Governmental Funds	2,484,560
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,019,359
Net pension asset	33,790
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	25,835
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	146
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	5,523
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(38,825)
Pension related deferrals	<u>(83,066)</u>
Net position of governmental activities	<u>\$ 7,447,322</u>

**Town of Caswell Beach, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	Beach Renourishment Fund	Accommodations Tax Fund		
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 571,344	\$ -	\$ -	\$ -	\$ 571,344
Other Taxes and Licenses	-	97,464	192,750	-	290,214
Unrestricted Intergovernmental	173,862	-	-	-	173,862
Restricted Intergovernmental	273	-	-	8,954	9,227
Permits and Fees	41,980	-	-	-	41,980
Investment Earnings	1,776	1,707	3	569	4,055
Other Revenue	71,065	-	-	-	71,065
Total Revenues	860,300	99,171	192,753	9,523	1,161,747
<b>EXPENDITURES</b>					
Current:					
General Government	645,635	-	-	-	645,635
Public Safety	417,141	-	-	-	417,141
Environmental Protection	54,614	37,848	47,123	-	139,585
Economic and Physical Development	3,483	-	-	-	3,483
Cultural and Recreational	7,894	-	-	-	7,894
Transportation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Total Expenditures	1,128,767	37,848	47,123	-	1,213,738
Excess (Deficiency) of Revenues Over Expenditures	(268,467)	61,323	145,630	9,523	(51,991)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers From/(To) Other Funds	364,070	-	(132,010)	(232,060)	-
Total Other Financing Sources (Uses)	364,070	-	(132,010)	(232,060)	-
Net Change in Fund Balance	95,603	61,323	13,620	(222,537)	(51,991)
Fund balances, beginning	511,167	1,480,323	174,962	370,099	2,536,551
Prior period adjustments	-	-	-	-	-
Fund balances, beginning as restated	511,167	1,480,323	174,962	370,099	2,536,551
Fund balances, ending	\$ 606,770	\$ 1,541,646	\$ 188,582	\$ 147,562	\$ 2,484,560

**Town of Caswell Beach, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

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

Net changes in fund balances - total governmental funds	\$	(51,991)
Change in fund balance due to change in reserve for inventory		-

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 depreciation exceeded capital outlay in the current period

Capital Outlay expenditures which were capitalized	196,183	
Depreciation expense for governmental assets	(61,809)	
Disposal of assets (Net)	<u>(2,557)</u>	131,817

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		25,835
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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 unavailable revenue for tax revenues	<u>(52,934)</u>	(52,934)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	-	
Principal payments on long-term debt	<u>-</u>	-

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.

Net pension obligation		-
Pension expense		(1,940)
Compensated absences & related liabilities		<u>(2,597)</u>

Total changes in net position of governmental activities	<u>\$</u>	<u>48,190</u>
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**Town of Caswell Beach, North Carolina**  
**General and Major Special Revenue Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund				Special Revenue-Beach Renourishment Fund				Special Revenue-Accommodations Tax Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>												
Ad Valorem Taxes	\$ 565,000	\$ 565,000	\$ 571,344	\$ 6,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes and Licenses	-	-	-	-	88,000	88,000	97,464	9,464	176,000	179,123	192,750	13,627
Unrestricted Intergovernmental	140,200	140,200	173,862	33,662	-	-	-	-	-	-	-	-
Restricted Intergovernmental	2,975	2,975	273	(2,702)	-	-	-	-	-	-	-	-
Permits and Fees	35,000	35,000	41,980	6,980	-	-	-	-	-	-	-	-
Investment Earnings	5,000	5,000	1,776	(3,224)	3,000	3,000	1,707	(1,293)	10	10	3	(7)
Other Revenue	8,750	8,750	71,065	62,315	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>756,925</u>	<u>756,925</u>	<u>860,300</u>	<u>103,375</u>	<u>91,000</u>	<u>91,000</u>	<u>99,171</u>	<u>8,171</u>	<u>176,010</u>	<u>179,133</u>	<u>192,753</u>	<u>13,620</u>
<b>Expenditures:</b>												
<b>Current:</b>												
General Government	454,510	665,270	645,635	19,635	-	-	-	-	44,000	47,123	47,123	-
Public Safety	406,625	422,325	417,141	5,184	-	-	-	-	-	-	-	-
Environmental Protection	51,600	56,200	54,614	1,586	-	-	-	-	-	-	-	-
Economic and Physical Development	5,100	5,100	3,483	1,617	-	-	-	-	-	-	-	-
Cultural and Recreational	7,300	8,300	7,894	406	57,000	57,000	37,848	19,152	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Debt Service:</b>												
Principal Retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>925,135</u>	<u>1,157,195</u>	<u>1,128,767</u>	<u>28,428</u>	<u>57,000</u>	<u>57,000</u>	<u>37,848</u>	<u>19,152</u>	<u>44,000</u>	<u>47,123</u>	<u>47,123</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(168,210)</u>	<u>(400,270)</u>	<u>(268,467)</u>	<u>131,803</u>	<u>34,000</u>	<u>34,000</u>	<u>61,323</u>	<u>27,323</u>	<u>132,010</u>	<u>132,010</u>	<u>145,630</u>	<u>13,620</u>
<b>Other Financing Sources (Uses):</b>												
Operating Transfers In (Out) - Net	144,010	376,070	364,070	(12,000)	-	-	-	-	(132,010)	(132,010)	(132,010)	-
Fund Balance Appropriated	24,200	24,200	-	(24,200)	(34,000)	(34,000)	-	34,000	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>168,210</u>	<u>400,270</u>	<u>364,070</u>	<u>(36,200)</u>	<u>(34,000)</u>	<u>(34,000)</u>	<u>-</u>	<u>34,000</u>	<u>(132,010)</u>	<u>(132,010)</u>	<u>(132,010)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,603</u>	<u>\$ 95,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,323</u>	<u>\$ 61,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,620</u>	<u>\$ 13,620</u>
Fund balances beginning as previously reported			511,167				1,480,323				174,962	
Prior period adjustments			-				-				-	
Fund balances, beginning as restated			<u>511,167</u>				<u>1,480,323</u>				<u>174,962</u>	
Fund balances, ending			<u>\$ 606,770</u>				<u>\$ 1,541,646</u>				<u>\$ 188,582</u>	

**Town of Caswell Beach, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Major Enterprise Fund <u>Water and Sewer Fund</u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 729,387
Restricted Cash and Cash Equivalents	-
Accounts Receivable (Net) - Billed	80,940
Accounts Receivable - Other	<u>7,942</u>
Total	<u>818,269</u>
Noncurrent Assets:	
Net Pension Asset	13,035
Capital Assets:	
Land, Non-Depreciable Improvements, Construction in Progress	33,029
Other Capital Assets, Net of Depreciation	<u>5,857,001</u>
Capital Assets (Net)	<u>5,890,030</u>
Total Noncurrent Assets	<u>5,903,065</u>
Total Assets	<u><u>6,721,334</u></u>
<b>Deferred Outflows of Resources</b>	
Contributions to Pension Plan	9,966
Charge on Refunding	-
Total Deferred Outflows of Resources	<u>9,966</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	55,207
Customer Deposits	-
Revolving Loan Payable	75,000
Accounts Payable from Restricted Assets	-
Compensated Absences - Current	<u>800</u>
Total Current Liabilities	<u>131,007</u>
Noncurrent Liabilities:	
Compensated Absences - Noncurrent	2,400
Revolving Loan Payable - Noncurrent	<u>1,125,000</u>
Total Noncurrent Liabilities	<u>1,127,400</u>
Total Liabilities	<u>1,258,407</u>
<b>Deferred Inflows of Resources</b>	
Pension Deferrals	32,045
<b>Net Position</b>	
Net investment in capital assets	4,690,030
Unrestricted	<u>750,818</u>
Total Net Position of Business - Type Activities	<u>\$ 5,440,848</u>

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

**Town of Caswell Beach, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Major Enterprise Fund
	Water and Sewer Fund
<b>Operating Revenues</b>	
Water and Sewer Charges	\$ 815,332
Water and Sewer Taps	1,205
Penalties, Permits, and Reconnect	1,700
Total Operating Revenues	818,237
<b>Operating Expenses</b>	
Administration	226,995
Water and Sewer Operations	251,824
Depreciation	133,178
Total Operating Expense	611,997
<b>Operating Income (Loss)</b>	206,240
<b>Nonoperating Revenues (Expenses)</b>	
Interest on Investments	537
Sales Tax Refund	-
Capital Recovery	860
Miscellaneous	3,519
Capital Charge - Oak Island	(272,568)
Total Nonoperating Revenues (Expenses)	(267,652)
Income (Loss) Before Transfers and Contributions	(61,412)
Transfers In (Out)	-
Capital Contributions	-
<b>Change in Net Position</b>	(61,412)
<b>Total net position, previously reported</b>	5,520,521
<b>Restatement</b>	(18,261)
<b>Total net position, restated</b>	5,502,260
<b>Total net position, ending</b>	\$ 5,440,848

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

**Town of Caswell Beach, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Major Enterprise Fund
	Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received From Customers	\$ 808,942
Cash Paid for Goods and Services	(285,161)
Cash Paid to Employees for Services	(209,559)
Customer Deposits Received (Returned)	(1,045)
Net Cash Provided by Operating Activities	313,177
Cash Flows From Noncapital Financing Activities:	
Increase in Advances From Other Funds	-
Transfers From (to) Other Funds	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-
Cash Flows From Capital Related Financing Activities:	
Principal paid on Revolving Loan	(75,000)
Capital Charge - Oak Island	(272,568)
Miscellaneous	4,379
Net Cash Provided (Used) by Capital and Related Financing Activities	(343,189)
Cash Flows From Investing Activities:	
Interest on Investments and Assessments	537
Net Increase (Decrease) in Cash and Cash Equivalents	(29,475)
Cash and Cash Equivalents:	
Balances, beginning	758,862
Balances, ending	\$ 729,387

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

**Town of Caswell Beach, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

		Major Enterprise Fund <hr/> Water and Sewer Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income(Loss)	\$	<u>206,240</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		133,178
Pension Expense		749
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		(9,295)
(Increase) Decrease in Prepaid Items		-
Increase (Decrease) in Accounts Payable & Accrued Liabilities		(8,248)
Increase (Decrease) in Compensated Absences		1,564
(Increase) Decrease in Deferred Outflows of Resources for Pensions		(9,966)
Increase (Decrease) in Deposits		(1,045)
Total Adjustments		<u>106,937</u>
Net Cash Provided by Operating Activities	\$	<u><u>313,177</u></u>

## **Notes to Financial Statements**

**Town of Caswell 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 Caswell 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 Caswell Beach is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town. The Town does not have any component units that should be presented.

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 nonmajor 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.

The Town reports the following major governmental funds:

**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.

**Accommodations Tax Fund.** This fund is used to account for occupancy taxes collected which are used to promote tourism.

**Beach Renourishment Fund.** This fund is used to provide beach renourishment.

The Town reports the following non-major governmental funds:

**Neighbors Fund.** This fund is used to account for various community projects.

**Capital Reserve Fund.** This fund is used to accumulate resources for future capital projects and purchases.

The Town reports the following major enterprise fund:

**Water and Sewer Fund.** This fund is used to account for the Town's water and sewer 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 revenue of the Town enterprise fund is 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 and sewer system. Operating expenses for the enterprise fund 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 a 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Caswell Beach because the tax is levied by Brunswick County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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, the Beach Renourishment Special Revenue Fund, the Accommodations Tax Special Revenue Fund, all other non-major Special Revenue Funds, 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. The Budget Officer may transfer amounts between objects of expenditures within a department without limitation. This transfer shall be recorded as a budget adjustment. The Budget Officer may transfer amounts up to \$10,000 between departments within the same fund. This transfer shall be recorded as a budget adjustment and shall be reported to the board of commissioners at the next regularly scheduled meeting following such a budget adjustment. The Budget Officer may also amend the line items within any department budget by adding new line item amounts so long as the department total does not increase or decrease. The Budget Officer may not transfer any amounts between funds, except as approved by the Board by a budget ordinance amendment. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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.

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

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Caswell Beach Restricted Cash

Governmental Activities General Fund	Streets	<u>27,513</u>
Total governmental activities		<u>27,513</u>
Business-type Activities		
Water and Sewer Fund	Customer Deposits	<u>-</u>
Total Business-type Activities		<u>-</u>
Total Restricted Cash		<u>\$ 27,513</u>

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2014.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is established by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The Town currently has no funds with inventory.

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.

7. 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. In July 2003, the Town formally accepted a capitalization policy that defines capital assets as assets with an individual cost of \$5,000 or more. 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. 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 Years
Other Improvements	25 Years
Equipment	10 Years
Furniture and Fixtures	10 Years
Computer Equipment	3 Years
Vehicles	6 Years
Miscellaneous	3 Years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. The Town has two items that meets the criterion for this category - property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. 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.

## 10. 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. The Town also provides that administrative employees earn vacation leave at the rate of one day per month during the first four years of employment. For years five through nine of employment, employees earn one and one quarter days per month. For years ten through fourteen of employment, employees earn one and a half days per month. After fifteen years of employment, employees earn vacation leave at the rate of twenty days per year. Existing police employees earn vacation leave at a per shift rate, or twelve hours per month. New hires earn vacation leave on a prorated basis, that is, vacation is based on their shift / work week. 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

## 11. 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.

### Fund Balances

In the governmental fund financial statements, fund balance is comprised of five classifications designed to disclose the hierarchy of constraints placed 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 either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**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 Caswell Beach's 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 Caswell Beach intends to use for specific purposes.

**Assigned for Beach Renourishment and Dunes Protection**- portion of fund balance available for appropriation but legally segregated for expenditures that are for beach renourishment and protection.

**Assigned for Tourism** - portion of fund balance available for appropriation but legally segregated for expenditures that are for tourism purposes.

**Assigned for Subsequent Year's Expenditures** - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

## 12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 Caswell Beach's employer contributions are recognized when due and the Town of Caswell 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**

### A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, the expenditures made in one department in the General Fund exceeded the authorized appropriations made by the governing board. The Public Works Department exceeded the authorized appropriations by \$16,020. Management and the Board will more closely review the budget reports to ensure compliance in future years.

## **III. Detail Notes on All Funds**

### A. Assets

#### 1. Deposits

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

At June 30, 2015, the Town's deposits had a carrying amount of \$2,973,832 and a bank balance of \$2,980,125. Of the bank balance, \$250,000 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 \$300.

#### 2. Investments

At June 30, 2015, the Town of Caswell Beach had \$208,648 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

#### Accounts Receivable

The amounts presented in the Statement of Net Position are shown below:

	Governmental Activities	Business-Type Activities
Charges for Services Receivable	\$ -	\$ 80,940
Miscellaneous Accounts Receivable	-	7,942
Total Accounts Receivable	<u>\$ -</u>	<u>\$ 88,882</u>

#### Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes Receivable	<u>5,523</u>

### 4. Capital Assets

#### **Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,563,803	\$ -	\$ -	\$ 3,563,803
Construction in Progress	22,396	168,137	-	190,533
Total capital assets not being depreciated	<u>3,586,199</u>	<u>168,137</u>	<u>-</u>	<u>3,754,336</u>
<b>Capital assets being depreciated:</b>				
Buildings	1,126,419	-	-	1,126,419
Other Improvements	299,981	-	5,000	294,981
Infrastructure	121,400	-	-	121,400
Equipment	132,556	-	-	132,556
Vehicles and motorized equipment	159,458	28,046	26,153	161,351
Total capital assets being depreciated	<u>1,839,814</u>	<u>28,046</u>	<u>31,153</u>	<u>1,836,707</u>
<b>Less accumulated depreciation for:</b>				
Buildings	265,947	22,528	-	288,475
Other Improvements	28,027	6,483	2,444	32,066
Infrastructure	87,408	4,856	-	92,264
Equipment	77,973	8,633	-	86,606
Vehicles and motorized equipment	79,117	19,309	26,153	72,273
Total accumulated depreciation	<u>538,472</u>	<u>\$ 61,809</u>	<u>\$ 28,597</u>	<u>571,684</u>
Total capital assets being depreciated, net	<u>1,301,342</u>			<u>1,265,023</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 4,887,541</u>			<u>\$ 5,019,359</u>

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

General Government	\$ 32,812
Public Safety	14,181
Transportation	9,072
Environmental Protection/Stormwater	4,134
Parks and Recreation	890
Economic and Physical Development	720
Total Depreciation Expense	<u>\$ 61,809</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
Water Fund				
Capital assets not being depreciated:				
Construction in Process	\$ -	\$ -	\$ -	\$ -
Easements	33,029	-	-	33,029
Total capital assets not being depreciated	<u>33,029</u>	<u>-</u>	<u>-</u>	<u>33,029</u>
Capital assets being depreciated:				
Plant and distribution systems	6,590,893	-	-	6,590,893
Total capital assets being depreciated	<u>6,590,893</u>	<u>-</u>	<u>-</u>	<u>6,590,893</u>
Less accumulated depreciation for:				
Plant and distribution systems	600,714	133,178	-	733,892
Total accumulated depreciation	<u>600,714</u>	<u>\$ 133,178</u>	<u>\$ -</u>	<u>733,892</u>
Total capital assets being depreciated, net	<u>5,990,179</u>			<u>5,857,001</u>
Water fund capital assets, net	<u>6,023,208</u>			<u>5,890,030</u>
Business-type activities capital assets, net	<u>\$ 6,023,208</u>			<u>\$ 5,890,030</u>

### Construction Commitments

The government has active construction projects as of June 30, 2015. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Public Services Facility	\$ 54,000	\$ 26,000

### B. Liabilities

#### 1. Pension Plan and Postemployment Obligations

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

*Plan Description.* The Town of Caswell Beach 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 government 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, or 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 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 service 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 gains 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 15 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 Caswell 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 of Caswell Beach's contractually required contribution rate for the year ended June 30, 2015 was 7.27% of compensation for law enforcement officers and 7.07% 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 the employees during the year. Contributions to the pension plan from the Town of Caswell Beach were \$35,801 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 benefits 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 \$46,825 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 position 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 covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.00794%, which was a decrease of 0.00046% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$2,689. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 5,117
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	109,010
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	984
Town contributions subsequent to the measurement date	35,801	-
Total	<u>\$ 35,801</u>	<u>\$ 115,111</u>

\$35,801 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	\$ (28,781)
2017	(28,781)
2018	(28,781)
2019	(28,768)
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 periods 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

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 health 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	100.0%	

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.

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 the 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:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 158,947	\$ (46,825)	\$ (220,080)

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

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 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>4</u>
Total	<u><u>5</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 earnings 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 Town has not obtained an actuarial valuation for the plan since 1997 because its required contributions are considered immaterial.

#### 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. That 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 \$15,116 which consisted of \$10,292 from the Town and \$4,824 from the law enforcement officers.

#### d. Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement

*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 Town employees not engaged in law enforcement. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy* – The Town has adopted a policy that states that it is to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$15,512, which consisted of \$14,572 from the Town and \$940 from the employees.

### 2. Other Employment Benefits

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

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contribution Resume</u>
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of Caswell Beach will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

### 3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 35,801
Charge on refunding	-
Total	<u>\$ 35,801</u>

Deferred inflows of resources at year-end is comprised of the following:

	<u>Amount</u>
Taxes Receivable, less penalties (General Fund)	\$ 5,523
Pension deferrals	115,111
Total	<u>\$ 120,634</u>

### 4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. 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. Specific information on the limits of reinsurance and excess 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 annually audited 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 is considered to be in a "X" flood plain and carries commercial flood insurance through The Hartford for a total coverage of \$398,800. This includes both structure and contents coverage.

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 and \$10,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

### 5. Claims, Judgments and Contingent Liabilities

As of the date of the audit report, there were no complaints or lawsuits against the Town.

### 6. Long-Term Obligations

#### a. General Obligation Indebtedness

There were no general obligation bonds financed by the governmental funds at June 30, 2015.

At June 30, 2015, the Town of Caswell Beach had no bonds authorized or unissued and had a legal debt margin of \$26,751,341.

b. Revolving Loan

In September 2009, the Town was approved for a \$3,000,000 Wastewater - American Recovery and Reinvestment Act of 2009 (AARA) Revolving Loan. One half of the principal amount will be forgiven and the interest rate for the loan is zero percent. The term of the loan is scheduled for 20 years with annual principal payments of \$75,000 due May 1st of each year. As of June 30, 2015, the Town had drawn a total of \$3,000,000, half of which is forgiven. The amount due at June 30, 2015 was \$1,200,000.

Current annual debt service requirements to maturity for the revolving loan is as follows

Year Ending June 30	Principal
2016	\$ 75,000
2017	75,000
2018	75,000
2019	75,000
2020	75,000
2021-2025	375,000
2026-2030	375,000
2031-2035	75,000
	<u>\$ 1,200,000</u>

c. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically have been liquidated in the General Fund.

	Balance			Balance June 30, 2015	Current Portion of Balance
	July 1, 2014	Increases	Decreases		
Governmental activities:					
Compensated absences	\$ 20,867	\$ 2,339	\$ -	\$ 23,206	\$ 5,802
Accrued payroll expenses on compensated absences	3,084	258		3,342	836
Net pension obligation (LGERS)	73,063	-	73,063	-	-
Net pension obligation	12,277	-	-	12,277	-
Governmental activity long-term liabilities	<u>\$ 109,291</u>	<u>\$ 2,597</u>	<u>\$ 73,063</u>	<u>\$ 38,825</u>	<u>\$ 6,637</u>

	Balance			Balance June 30, 2015	Current Portion of Balance
	July 1, 2014	Increases	Decreases		
Business-type Activities:					
Water and Sewer Fund					
Compensated absences	\$ 1,426	\$ 1,373	\$ -	\$ 2,799	\$ 700
Accrued payroll expenses on compensated absences	210	191	-	401	100
Net pension liability (LGERS)	28,189	-	28,189	-	-
Revolving Loan	1,275,000	-	75,000	1,200,000	75,000
Business-type activities long-term liabilities	<u>\$ 1,304,825</u>	<u>\$ 1,564</u>	<u>\$ 103,189</u>	<u>\$ 1,203,200</u>	<u>\$ 75,800</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.

C. Interfund Balances and Activity

Balances Due to/from Other Funds

Balances due to/from other funds at June 30, 2015, consist of the following:

Due to the General Fund from the Capital Reserve Fund: \$17,496

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from Other Funds

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

Fund	From	To
General Fund	\$ 10,000	\$ 374,070
Capital Reserve Fund	242,060	10,000
Accommodations Tax Fund	132,010	-
Beach Renourishment Fund	-	-
Total	\$ 384,070	\$ 384,070

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 for matching funds for various grant programs. All of the transfers were made in efforts to save funds for future capital acquisitions and capital projects of the Town.

D. Net Investment in Capital Assets

	Governmental	Business-Type
Capital Assets	5,019,359	5,890,030
Less: Long-Term Debt	-	1,200,000
Add: Unexpended Debt Proceeds	-	-
Net Investment in Capital Assets	\$ 5,019,359	\$ 4,690,030

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	\$ 606,770
Less:	
Non Spendable - Prepays	\$ -
Stabilization by State Statute	67,196
Streets - Powell Bill	-
Appropriated Fund Balance in 2016 Budget	-
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	539,574

**IV. Jointly Governed Organization**

The Town, in conjunction with twenty or more other local governments, participates in the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing boards. The Town paid membership fees of \$374 to the Council during the fiscal year ended June 30, 2015.

The Town, in conjunction Brunswick County and six other municipalities established the Brunswick Beaches Preservation Consortium (Consortium). The participating governments established the Consortium to plan and implement programs and projects directed toward preservation and maintenance of the ocean beaches. Each participating government appoints one representative to the policy board. The Town paid \$12,000 to the Consortium during the fiscal year ended June 30, 2015.

The Town has entered into an agreement with the Town of Oak Island regarding the treatment and disposal of effluent produced and collected by the Town of Caswell Beach. The Town's six inch wastewater transmission force main will connect to the Oak Island Wastewater system transmission line, where the Town's effluent shall be transferred from the Caswell Beach system to the Oak Island system for treatment and disposal. As a result, the Town has agreed to a monthly cost that has two components: a base rate and a wholesale usage rate per one thousand gallons. The base rate (capital charge) will be determined using a capacity ratio, which is the proportionate percentage of the costs of common facilities (capital or debt service). The capacity ratio is determined by the current capacity need for Caswell Beach as the numerator and the current Oak Island capacity as the denominator. This amount could vary from year to year. The wholesale usage rate shall be determined using a numerator, which is total operations and maintenance costs, divided by a denominator, which is the sum of Caswell Beach's estimated annual flow and Oak Island's estimated annual flow. The product of that computation is then multiplied by 1,000 to provide the wholesale usage rate expressed per 1,000 gallons. The rate is then applied on a monthly basis to the actual metered wastewater of Caswell Beach. For the year ended June 30, 2015, the Town of Caswell Beach paid the Town of Oak Island a base rate (capital charge) in the amount of \$272,568.

## **V. Summary Disclosure of Significant Contingencies**

### **Federal and State Assisted 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.

## **VI. Significant Effects of Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through November 13, 2015, the date the financial statements were available to be issued. On August 24, 2015, the Brunswick County Board of Commissioners approved the Water and Sewer Service Agreement with the Town of Caswell Beach. This agreement transferred the Town's water and sewer systems, any easements, and any retained earnings over to Brunswick County. In exchange, Brunswick County agreed to assume responsibility for the outstanding loan due on the water and sewer system. This transfer became effective October 1, 2015.

## **VII. 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, 2014). As a result, net position for the governmental and business-type activities decreased by \$47,335 & \$18,261, respectively.

## **Required Supplementary Financial Data**

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

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/1997	-	12,277	12,277	-	99,890	-
12/31/1998	-	N/A	N/A	N/A	N/A	N/A
12/31/1999	-	N/A	N/A	N/A	N/A	N/A
12/31/2000	-	N/A	N/A	N/A	N/A	N/A
12/31/2001	-	N/A	N/A	N/A	N/A	N/A
12/31/2002	-	N/A	N/A	N/A	N/A	N/A
12/31/2003	-	N/A	N/A	N/A	N/A	N/A
12/31/2004	-	N/A	N/A	N/A	N/A	N/A
12/31/2005	-	N/A	N/A	N/A	N/A	N/A
12/31/2006	-	N/A	N/A	N/A	N/A	N/A
12/31/2007	-	N/A	N/A	N/A	N/A	N/A
12/31/2008	-	N/A	N/A	N/A	N/A	N/A
12/31/2009	-	N/A	N/A	N/A	N/A	N/A
12/31/2010	-	N/A	N/A	N/A	N/A	N/A
12/31/2011	-	N/A	N/A	N/A	N/A	N/A
12/31/2012	-	N/A	N/A	N/A	N/A	N/A
12/31/2013	-	N/A	N/A	N/A	N/A	N/A
12/31/2014	-	N/A	N/A	N/A	N/A	N/A

Analysis of the dollar amounts of net assets available for benefits, pension obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provided one indication of funding status in a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employees' Retirement System, (PERS). Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension obligation as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulated sufficient assets to pay benefits due. Generally, the smaller this percentage, the stronger the PERS.

The Town has not elected to fund the Law Enforcement Officers' Special Separation Allowance in each of the last two years.

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

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Caswell Beach's proportion of the net pension liability (asset) (%)	0.00794%	0.00840%
Caswell Beach's proportion of the net pension liability (asset) (\$)	\$ (46,825)	\$ 101,252
Caswell Beach's covered-employee payroll	\$ 498,654	\$ 422,065
Caswell Beach's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.39%	23.99%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

\* The amounts presented for each 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 Caswell Beach, North Carolina**  
**Town of Caswell Beach's Contributions**  
**Required Supplementary Information**  
**Last Two Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 35,801	\$ 35,657
Contributions in relation to the contractually required contribution	35,801	35,657
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Caswell Beach's covered-employee payroll	\$ 496,545	\$ 498,654
Contributions as a percentage of covered-employee payroll	7.21%	7.15%

## **Individual Fund Statements and Schedules**

**Town of Caswell Beach**  
**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 Year	\$ 560,000	\$ 563,270	\$ 3,270
Prior Year	3,000	7,146	4,146
Penalties and Interest	2,000	928	(1,072)
Total	<u>565,000</u>	<u>571,344</u>	<u>6,344</u>
Unrestricted Intergovernmental			
Local Option Sales Tax	90,000	101,068	11,068
Utilities Sales Tax	47,000	69,144	22,144
Beer and Wine Tax	1,700	2,013	313
Cable TV Franchise Tax	1,500	1,637	137
Total	<u>140,200</u>	<u>173,862</u>	<u>33,662</u>
Restricted Intergovernmental			
Solid Waste Disposal Tax	275	273	(2)
Mosquito Grant	2,700	-	(2,700)
Total	<u>2,975</u>	<u>273</u>	<u>(2,702)</u>
Licenses and Permits			
Building Permits and Inspection Fees	35,000	41,980	6,980
Total	<u>35,000</u>	<u>41,980</u>	<u>6,980</u>
Investment Earnings	5,000	1,776	(3,224)
Other Revenues			
Miscellaneous Revenues	8,750	71,065	62,315
Total	<u>8,750</u>	<u>71,065</u>	<u>62,315</u>
Total Revenues	<u>756,925</u>	<u>860,300</u>	<u>103,375</u>

**Town of Caswell Beach**  
**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			
Governing Board			
Salaries and Employee Benefits	25,500	16,201	9,299
Insurance	125	95	30
Other Operating Expenses	14,900	4,615	10,285
Total Governing Board	<u>40,525</u>	<u>20,911</u>	<u>19,614</u>
Administration			
Salaries and Employee Benefits	239,800	200,650	39,150
Bank Charges	5,000	1,248	3,752
Dues & Donations	1,500	4,817	(3,317)
Collection Fees	4,500	4,417	83
Insurance	6,000	5,949	51
Municipal Codification	3,000	2,770	230
Office Supplies	5,000	6,296	(1,296)
Professional Services	9,000	32,553	(23,553)
Other Operating Expenditures	1,125	6,355	(5,230)
Total Administration	<u>274,925</u>	<u>265,055</u>	<u>9,870</u>
Communications			
Salaries and Employee Benefits	-	-	-
Other Operating Expenditures	25,950	22,959	2,991
Capital Outlay	-	-	-
	<u>25,950</u>	<u>22,959</u>	<u>2,991</u>
Travel and Training			
Travel/Training/Schools	13,300	10,120	3,180
Public Works			
Salaries and Employee Benefits	28,560	47,377	(18,817)
Insurance	3,800	6,040	(2,240)
Other Operating Expenses	126,210	105,036	21,174
Capital Outlay	152,000	168,137	(16,137)
Total Public Works	<u>310,570</u>	<u>326,590</u>	<u>(16,020)</u>
Total General Government	<u>665,270</u>	<u>645,635</u>	<u>19,635</u>

**Town of Caswell Beach**  
**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	
Public Safety			
Police Department			
Salaries and Employee Benefits	322,013	334,066	(12,053)
Insurance	12,000	11,044	956
Other Operating Expenditures	32,000	17,910	14,090
Capital Outlay	25,700	28,046	(2,346)
Total	<u>391,713</u>	<u>391,066</u>	<u>647</u>
Inspections			
Salaries and Employee Benefits	23,112	19,247	3,865
Other Operating Expenditures	7,500	6,828	672
Total	<u>30,612</u>	<u>26,075</u>	<u>4,537</u>
Total Public Safety	<u>422,325</u>	<u>417,141</u>	<u>5,184</u>
Environmental Protection			
Solid Waste			
Recycling	39,200	46,417	(7,217)
Summer Pickup	13,000	2,288	10,712
Cardboard Bin	900	3,091	(2,191)
Stormwater			
Stormwater	3,100	2,818	282
Capital Outlay	-	-	-
Total Environmental Protection	<u>56,200</u>	<u>54,614</u>	<u>1,586</u>
Economic and Physical Development			
Beach Maintenance	5,100	3,483	1,617
Capital Outlay	-	-	-
Total Economic and Physical Development	<u>5,100</u>	<u>3,483</u>	<u>1,617</u>
Parks and Recreation			
Park Maintenance	8,300	7,894	406
Capital Outlay	-	-	-
Total Parks and Recreation	<u>8,300</u>	<u>7,894</u>	<u>406</u>
Total Expenditures	<u>1,157,195</u>	<u>1,128,767</u>	<u>28,428</u>

**Town of Caswell Beach**  
**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	
Revenues Over (Under) Expenditures	(400,270)	(268,467)	131,803
Other Financing Sources (Uses):			
Appropriated Fund Balance	24,200	-	(24,200)
Transfer to Capital Reserve Fund	(10,000)	(10,000)	-
Transfer from Special Revenue Fund	144,010	132,010	(12,000)
Transfer from Capital Reserve Fund	242,060	242,060	-
Total Other Financing Sources (Uses)	400,270	364,070	(36,200)
Net change in fund balance	\$ -	95,603	\$ 95,603
Fund balances, beginning as previously reported		511,167	
Prior period adjustment		-	
Fund balances, beginning as restated		511,167	
Fund balances, ending		\$ 606,770	

**Town of Caswell Beach  
Beach Renourishment 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	
Revenues			
Accommodations Tax	\$ 88,000	\$ 97,464	\$ 9,464
Interest Earned	3,000	1,707	(1,293)
Total Revenues	<u>91,000</u>	<u>99,171</u>	<u>8,171</u>
Expenditures			
Beach Renourishment	57,000	37,848	19,152
Total Expenditures	<u>57,000</u>	<u>37,848</u>	<u>19,152</u>
Revenues Over (Under) Expenditures	<u>34,000</u>	<u>61,323</u>	<u>27,323</u>
Other Financing Sources (Uses)			
Appropriated Fund Balance	(34,000)	-	34,000
Transfer From (To) General Fund	-	-	-
Total Other Financing Sources (Uses)	<u>(34,000)</u>	<u>-</u>	<u>34,000</u>
Net change in fund balance	\$ <u>-</u>	61,323	\$ <u>61,323</u>
Fund balance, beginning as previously reported		<u>1,480,323</u>	
Fund balance, ending		<u>\$ 1,541,646</u>	

**Town of Caswell Beach  
Accommodations Tax 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	
Revenues:			
Accommodations Tax	\$ 179,123	\$ 192,750	\$ 13,627
Interest Earned	10	3	(7)
Total Revenues	<u>179,133</u>	<u>192,753</u>	<u>13,620</u>
Expenditures:			
Brunswick County Accommodations Tax	<u>47,123</u>	<u>47,123</u>	-
Total Expenditures	<u>47,123</u>	<u>47,123</u>	-
Revenue Over (Under) Expenditures	<u>132,010</u>	<u>145,630</u>	<u>13,620</u>
Other Financing Sources (Uses):			
Transfer to General Fund	<u>(132,010)</u>	<u>(132,010)</u>	-
Total Other Financing Sources (Uses)	<u>(132,010)</u>	<u>(132,010)</u>	-
Net change in fund balance	\$ <u><u>-</u></u>	13,620	\$ <u><u>13,620</u></u>
Fund balance, beginning		<u>174,962</u>	
Fund balance, ending		<u><u>\$ 188,582</u></u>	

**Town of Caswell Beach**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**For the Fiscal Year Ended June 30, 2015**

<b>Assets</b>	<u>Neighbors Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Non-Major Governmental Funds</u>
Cash and Cash Equivalents	\$ 1,184	\$ 163,874	\$ 165,058
Accounts Receivable, Net	-	-	-
<b>Total Assets</b>	<u>1,184</u>	<u>163,874</u>	<u>165,058</u>
 <b>Liabilities and Fund Balances</b>			
Liabilities:			
Due to General Fund	-	17,496	17,496
<b>Total Liabilities</b>	<u>-</u>	<u>17,496</u>	<u>17,496</u>
Fund Balances:			
Restricted:			
Streets	-	27,513	27,513
Committed:			
Community Projects and Future Capital Projects	1,184	118,865	120,049
<b>Total Fund Balances</b>	<u>1,184</u>	<u>146,378</u>	<u>147,562</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,184</u>	<u>\$ 163,874</u>	<u>\$ 165,058</u>

**Town of Caswell Beach**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2015**

	Neighbors Fund	Capital Reserve Fund	Total Non-Major Governmental Funds
Revenues:			
Committee Revenue	\$ -	\$ -	\$ -
Powell Bill Receipts	-	8,954	8,954
Interest Income	2	567	569
Total Revenues	<u>2</u>	<u>9,521</u>	<u>9,523</u>
Expenditures			
Maintenance	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>2</u>	<u>9,521</u>	<u>9,523</u>
Other Financing Sources (Uses)			
Transfer to General Fund	-	(242,060)	(242,060)
Transfer From General Fund	-	10,000	10,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>(232,060)</u>	<u>(232,060)</u>
Net change in fund balance	<u>2</u>	<u>(222,539)</u>	<u>(222,537)</u>
Fund balance, beginning	<u>1,182</u>	<u>368,917</u>	<u>370,099</u>
Fund balance, ending	<u>\$ 1,184</u>	<u>\$ 146,378</u>	<u>\$ 147,562</u>

**Town of Caswell Beach**  
**Neighbors Fund**  
**Schedule of Revenues and Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2015**

	2015		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Committee Revenue	\$ -	\$ -	\$ -
Interest Income	-	2	2
Total Revenues	<u>-</u>	<u>2</u>	<u>2</u>
Expenditures:			
Committee Expenses	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenue Over (Under) Expenditures	<u>-</u>	<u>2</u>	<u>2</u>
Other Financing Sources (Uses)			
Transfer From General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	2	\$ <u><u>2</u></u>
Fund balance, beginning		<u>1,182</u>	
Fund balance, ending		\$ <u><u>1,184</u></u>	

**Town of Caswell Beach**  
**Capital Reserve 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	
Revenues			
Powell Bill Receipts	\$ -	\$ 8,954	8,954
Interest Earned	-	567	567
Total	<u>-</u>	<u>9,521</u>	<u>9,521</u>
Expenditures			
Maintenance	-	-	-
Capital Outlay	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenditures	<u>-</u>	<u>9,521</u>	<u>9,521</u>
Other Financing Sources (Uses)			
Appropriated Fund Balance	232,060	-	(232,060)
Transfer to General Fund	(242,060)	(242,060)	-
Transfer From General Fund	10,000	10,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(232,060)</u>	<u>(232,060)</u>
Net change in fund balance	\$ <u>-</u>	(222,539)	\$ <u>(222,539)</u>
Fund balance, beginning		<u>368,917</u>	
Fund balance, ending		\$ <u><u>146,378</u></u>	

**Town of Caswell Beach**  
**Enterprise Fund - Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	2015		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
<b>Operating Revenues</b>			
Water and Sewer Charges	\$ 824,600	\$ 815,332	\$ (9,268)
Water and Sewer Taps	4,000	1,205	(2,795)
Penalties, Permits, and Reconnect	2,500	1,700	(800)
Total	<u>831,100</u>	<u>818,237</u>	<u>(12,863)</u>
<b>Nonoperating Revenues</b>			
Interest on Investments	1,000	537	(463)
Sales Tax Refund	-	-	-
Capital Recovery	1,000	860	(140)
Miscellaneous	-	3,519	3,519
Total Non-Operating Revenues	<u>2,000</u>	<u>4,916</u>	<u>2,916</u>
<b>Total Revenues</b>	<u>833,100</u>	<u>823,153</u>	<u>(9,947)</u>
<b>Expenditures</b>			
<b>Water and Sewer Administration</b>			
Salaries and Employee Benefits	179,650	201,906	(22,256)
Audit	2,200	4,506	(2,306)
Legal	1,000	-	1,000
Other Departmental Expenses	175,700	29,800	145,900
Total Water and Sewer Administration	<u>358,550</u>	<u>236,212</u>	<u>122,338</u>
<b>Water and Sewer Operations</b>			
Salaries and Employee Benefits	-	-	-
Water Purchases	110,000	108,238	1,762
Water Testing	1,300	2,784	(1,484)
Water Tap Service	500	-	500
Sewer Operations	274,350	119,567	154,783
Water Operations	12,475	21,235	(8,760)
Total Water Operations	<u>398,625</u>	<u>251,824</u>	<u>146,801</u>
<b>Debt Service:</b>			
Interest and fees	-	-	-
Principal retirement	75,000	-	75,000
Capital Charge - Oak Island	275,000	272,568	2,432
Total debt service	<u>350,000</u>	<u>272,568</u>	<u>77,432</u>

**Town of Caswell Beach**  
**Enterprise Fund - Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2015**

	2015		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
Capital Outlay			
System Improvements	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	1,107,175	760,604	346,571
Revenues Over (Under) Expenditures	<u>(274,075)</u>	<u>62,549</u>	<u>336,624</u>
Other Financing Sources (Uses)			
Appropriated Fund Balance	<u>274,075</u>	<u>-</u>	<u>(274,075)</u>
Total Other Financing Sources (Uses)	<u>274,075</u>	<u>-</u>	<u>(274,075)</u>
Revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	<u>62,549</u>	\$ <u>62,549</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Sources Over (Under) Expenditures		\$ 62,549	
Reconciling Items:			
Depreciation		(133,178)	
Capital Outlay		-	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		9,966	
Pension Expense		<u>(749)</u>	
Total Reconciling Items		<u>(123,961)</u>	
Change in Net Position		\$ <u>(61,412)</u>	

## **Other Schedules**

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This section includes additional information on property taxes.

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

**Town of Caswell Beach**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2015**

<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	\$ -	\$ 568,466	\$ 563,586	\$ 4,880
2013-2014	5,582	-	5,346	236
2012-2013	1,957	-	1,797	160
2011-2012	40	-	-	40
2010-2011	54	-	-	54
2009-2010	12	-	-	12
2008-2009	79	-	-	79
2007-2008	32	-	-	32
2006-2007	24	-	-	24
2005-2006	6	-	-	6
2004-2005	34	-	34	-
Totals	<u>\$ 7,820</u>	<u>\$ 568,466</u>	<u>\$ 570,763</u>	<u>\$ 5,523</u>
				Less Allowance for Doubtful Accounts
				<u>-</u>
				Net Taxes Receivable
				<u>\$ 5,523</u>
				<u>Reconciliation with revenues:</u>
				Ad valorem taxes - General Fund
				\$ 571,344
				Reconciling Items
				Taxes Released/Written Off
				265
				Adjustments
				82
				Penalties and Interest Collected
				<u>(928)</u>
				Total Collections and Credits
				<u>\$ 570,763</u>

**Town of Caswell Beach  
Analysis of Current Tax Levy  
For the Fiscal Year Ended June 30, 2015**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Tax	\$ 334,391,765	0.17	\$ 568,466	\$ 555,391	\$ 13,075
Totals	<u>\$ 334,391,765</u>		<u>\$ 568,466</u>	<u>\$ 555,391</u>	<u>\$ 13,075</u>
Less: Uncollected taxes at June 30, 2015			<u>4,880</u>	<u>3,772</u>	<u>1,108</u>
Current year's taxes collected			<u>\$ 563,586</u>	<u>\$ 551,619</u>	<u>\$ 11,967</u>
Current levy collection percentage			<u>99.14%</u>	<u>99.32%</u>	<u>91.53%</u>