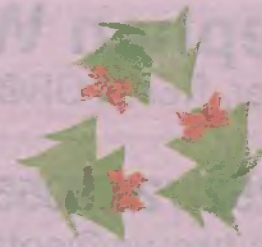


# The Shoreline

Vol. 10, No. 27

A Shoreline Community, Pine Knoll Shores, N.C.

December 2015



Holiday  
Recycling Tips

See page 5

## Town's Audit Goes Well

By Julie Anderson, Pine Knoll Shores Finance Officer

**What does an audit of our town mean?** North Carolina General Statutes require that the town's finances be audited at the end of each fiscal year (June 30). This audit must be performed by a licensed *independent* certified public accountant. Final audited financial statements are due to the Local Government Commission at the State Treasurer's office by October 31. But why is this done? Is it to detect fraud? To assess financial condition? Or is it something else?

The goal of an audit is actually something else. Its objective is an independent assessment by an outside party to determine if the town's financial statements do, in fact, follow generally accepted accounting principles (GAAP). Although the primary purpose is not to find fraud or grade a municipality's financial condition, these government reports *must* reflect financial position and results of operations, and demonstrate compliance in a variety of areas. These elements of the audit process are usually the ones citizens are most concerned with. The financial statements themselves are written for an audience of accountants at either the Treasurer's office or a bond rating firm; however, when town management and elected officials review the financial statements, they are looking for some key elements.

So, what are we looking to achieve? Out of all the information gathered in audited financial statements, four focus areas rise to the top—auditor's opinion, fund management, budgetary compliance and status of reserves.

**Auditor's opinion.** Our goal is to receive an unqualified, or "clean," opinion from our independent auditor. This means that nothing is discovered during the audit process that causes concern or violates GAAP. We achieved this.

**Fund management.** Also of interest to the Treasurer's office and our own management is that our financial transactions are being accounted for in the correct "fund." Local governments operate under a Fund Accounting Principle, which is unique to the government sector and is similar to keeping separate checkbooks for different bank accounts. Pine Knoll Shores' main funds are the General Fund, Water Enterprise Fund and our Beach Funds. The General Fund is where all transactions associated with general government services (government administration, building inspections, police, fire/EMS, trash collection, etc.) are recorded. The Water Enterprise Fund is dedicated to our water utility system and its financial matters. The Beach Funds hold our beach-related transactions, such as our beach tax revenues and beach access expenses. This does not mean the town has individual bank accounts for each of these cost centers, but it is crucial that every transaction conducted by the town be recorded internally in the proper fund. We achieved this.

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## Pine Knoll Shores Election 2015

Mayor

Ken Jones (incumbent, unopposed): 396 votes

Commissioners (2)

Clark Edwards (incumbent): 342 votes

Ted Goetzinger: 258 votes

Bob Danehy (incumbent): 209 votes

Special appreciation is extended to outgoing Commissioner Bob Danehy for his service to the community.

## Where Did All My Sand Go?

By Brian Kramer

In the October issue of *The Shoreline* we said the most frequently asked question concerning the beach is, "When is our next renourishment?" A close second to this is, "What happened to our sand? It's all gone!"

The simple answer, and one that actually speaks to how dynamic the shoreline really is, is this: it's still there. This is hard to accept when you are standing on the beach during a lunar-powered high tide in the fall or winter. But, more often than not, when I am asked this question and I speak to the Carteret County shore protection officer, Greg "Rudi" Rudolph, there is a weather/astronomical-driven phenomenon that explains what is happening to our beach at that moment in time. And sure enough, when the annual survey is taken and Rudi's "state of the beach" is published months later, the sand residing in the total system is not significantly changed.

OK, so what is causing these visible alterations to the beach that we see when we come to the beach in the off-season? Probably the most visible (and ugliest) beach alteration is escarpment, when a "cliff" forms on the beach, sometimes halfway between the water line and the dunes. It is alarming because if that "cliff" is three feet high, the casual observer is absolutely convinced that we have lost a three-foot high carpet of sand that runs from the Pine Knoll Shores beach strand to Portugal, and that the sand is lost forever. This is not the case.

After my first panicked call to Rudi after I came aboard in 2007 and saw my first major escarpment in Beacon's Reach, he explained that this is a natural

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