

TOWN OF NORTH TOPSAIL BEACH
AUDIT PRESENTATION
FOR THE YEAR ENDED JUNE 30, 2024



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TOWN OF NORTH TOPSAIL BEACH REQUIRED COMMUNICATIONS

Area

Comments

Responsibilities Under Generally Accepted Auditing Standards, Government Auditing Standards, OMB Uniform Guidance, and the State Single Audit Implementation Act.

Design the audit to provide reasonable assurance that the financial statements are free of material error and in compliance with government regulations.

- Accomplished. No material error noted.

Perform all planned procedures and have complete access to both management and required information.

- Completed. Our work was not limited in any way.

Communicate significant deficiencies in the internal control.

- Noncompliance with Budget.

TOWN OF NORTH TOPSAIL BEACH REQUIRED COMMUNICATIONS (CONTINUED)

<u>Area</u>	<u>Comments</u>
Adoption or Change in Accounting Policies Communicate the initial adoption of or a change in an accounting principle which had or is expected to have a significant effect on the financial statements.	<ul style="list-style-type: none">• None.
Management Judgment and Accounting Estimates Assess methodologies used and basis of evidence for matters requiring judgments and estimates.	<ul style="list-style-type: none">• Methods used and evidence considered appear to have led to reasonable amounts being included in the financial statements.
Financial statement disclosures	<ul style="list-style-type: none">• The financial statement disclosures are neutral, consistent, and clear.
Significant Audit Adjustments or Unrecorded Differences Communicate significant recorded and unrecorded differences.	<ul style="list-style-type: none">• None.

TOWN OF NORTH TOPSAIL BEACH REQUIRED COMMUNICATIONS (CONTINUED)

<u>Area</u>	<u>Comments</u>
Disagreements with Management Communicate any disagreements on financial or reporting matters that, if not satisfactorily resolved, would cause a modification of our report.	<ul style="list-style-type: none">• None.
Management Representations	<ul style="list-style-type: none">• Management provided a management representation letter.
Consultation with Other Accountants Communicate consultation that took place with other accountants.	<ul style="list-style-type: none">• None to our knowledge.
Prior to Retention Issues Communicate any major issues that management discussed with the auditor in connection with the retention of the auditor, including the application of accounting principles and auditing standards.	<ul style="list-style-type: none">• None.

TOWN OF NORTH TOPSAIL BEACH REQUIRED COMMUNICATIONS (CONTINUED)

Area

Comments

Difficulties Encountered Performing the Audit

Any serious difficulties the auditor encountered in dealing with management such as unreasonable delays in providing needed information, unreasonable timetable set by management, or unavailability of client personnel.

- None noted.

Irregularities and Illegal Acts

Communicate the existence of any material irregularities and/or illegal acts determined during the audit.

- None noted.

Other Findings or Issues

- None.

TOWN OF NORTH TOPSAIL BEACH GENERAL FUND

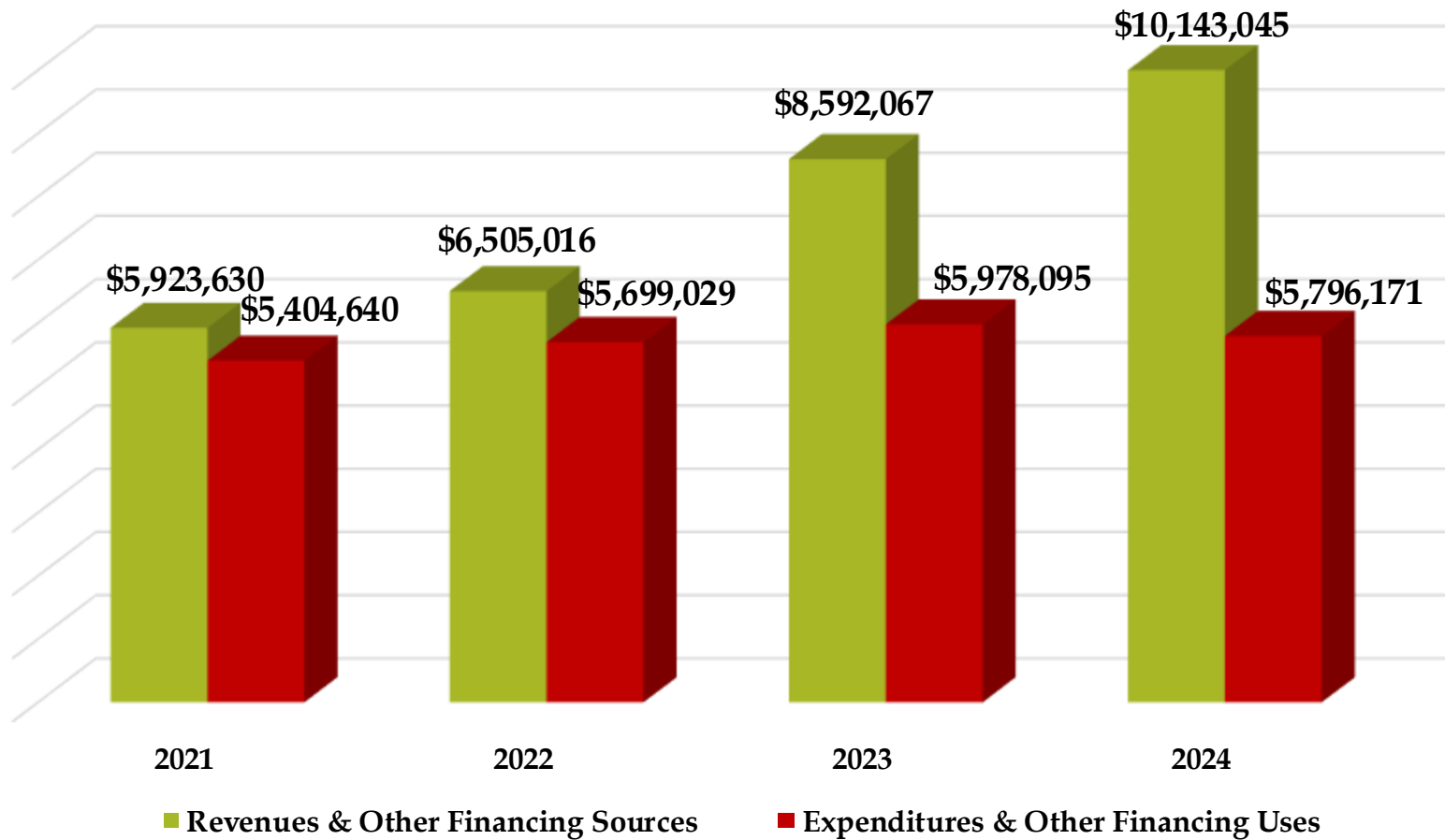
Dear Board Members:

Below is a summarization of some of the key items in the audit report.

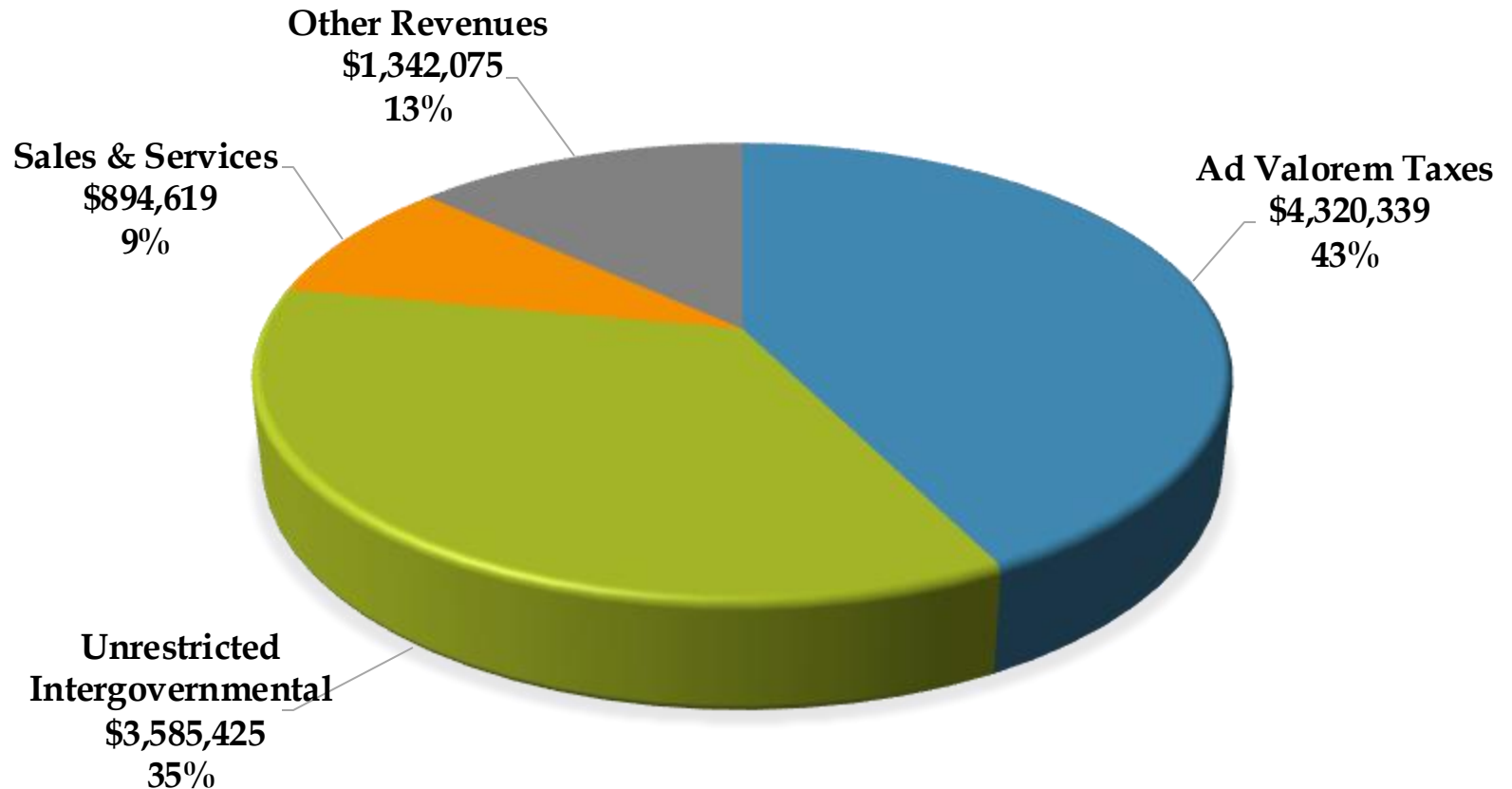
2024

Total Revenues and Other financing sources	\$	10,143,045
Total Expenditures and Other financing sources	\$	5,796,171
Net Change	\$	4,346,874
Minimum Undesignated Fund Balance as Recommended by the Local Government Commission (34% of Expenditures)	\$	1,970,698
Unassigned Fund Balance	\$	11,231,779
Fund Balance Available as a Percentage of General Fund Expenditures		194.51%
Tax Collection Rate		99.13%

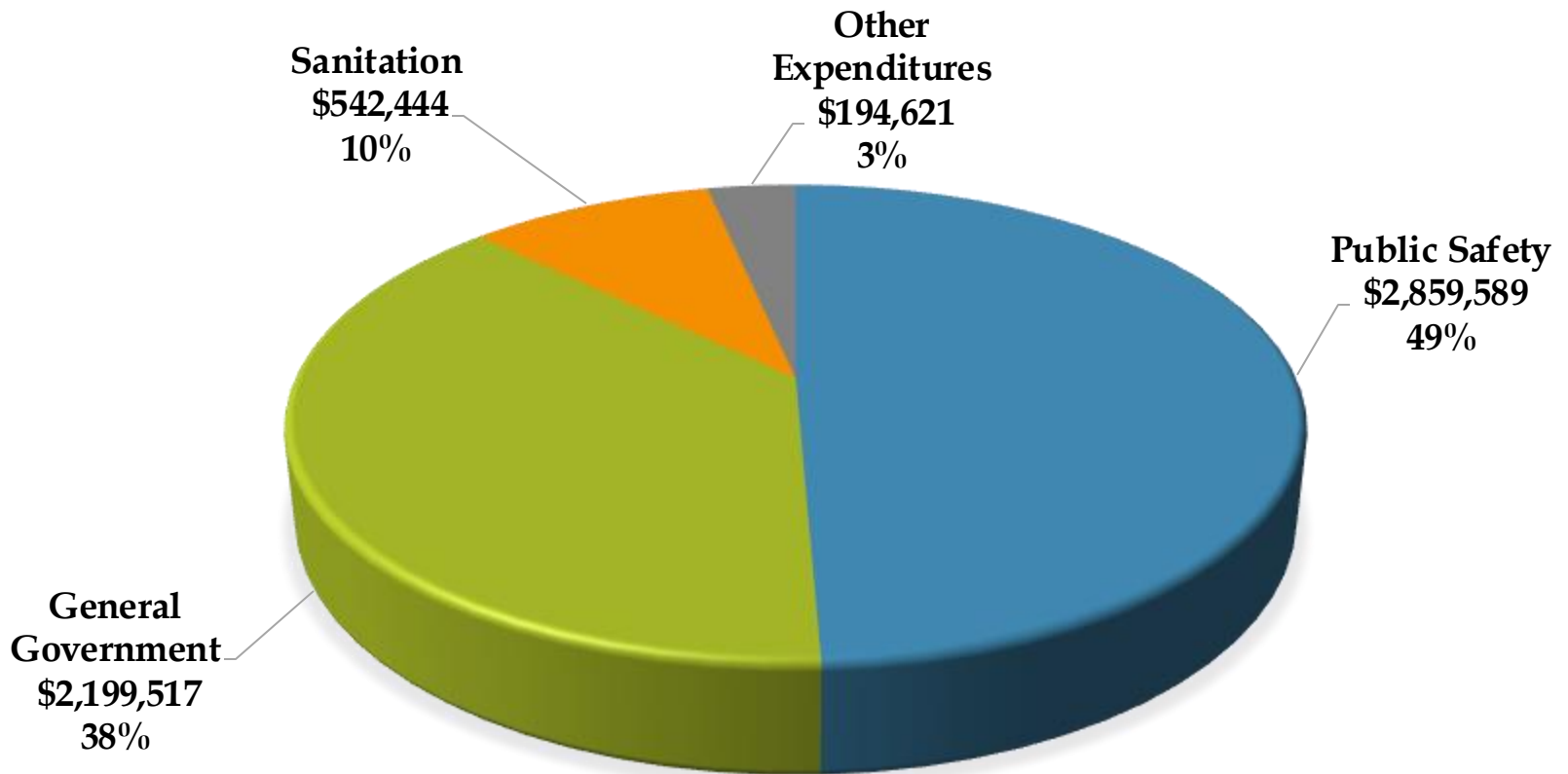
GENERAL FUND OPERATING SUMMARY



TOP 3 REVENUES: GENERAL FUND - OPERATING

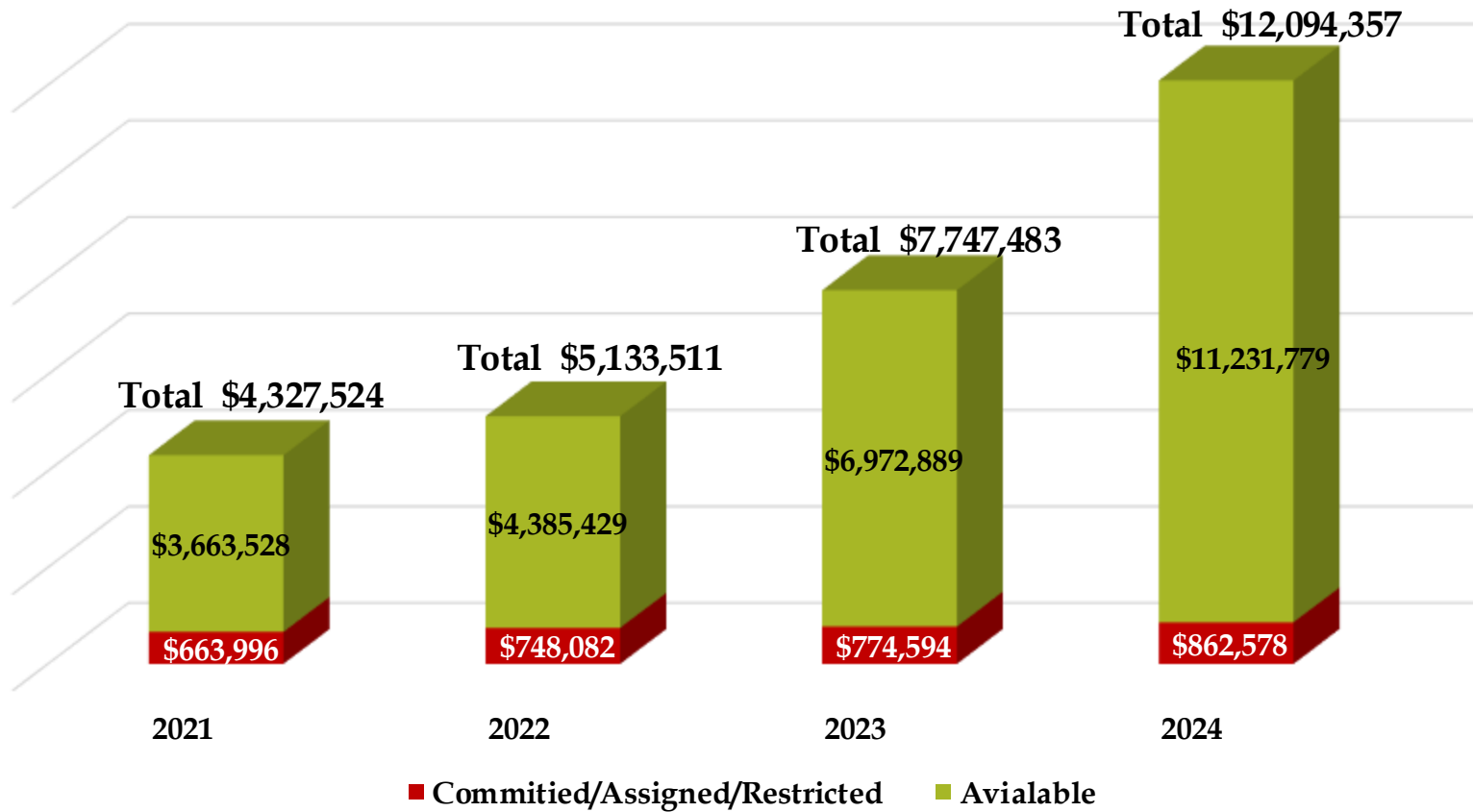


TOP 3 EXPENDITURES: GENERAL FUND - OPERATING



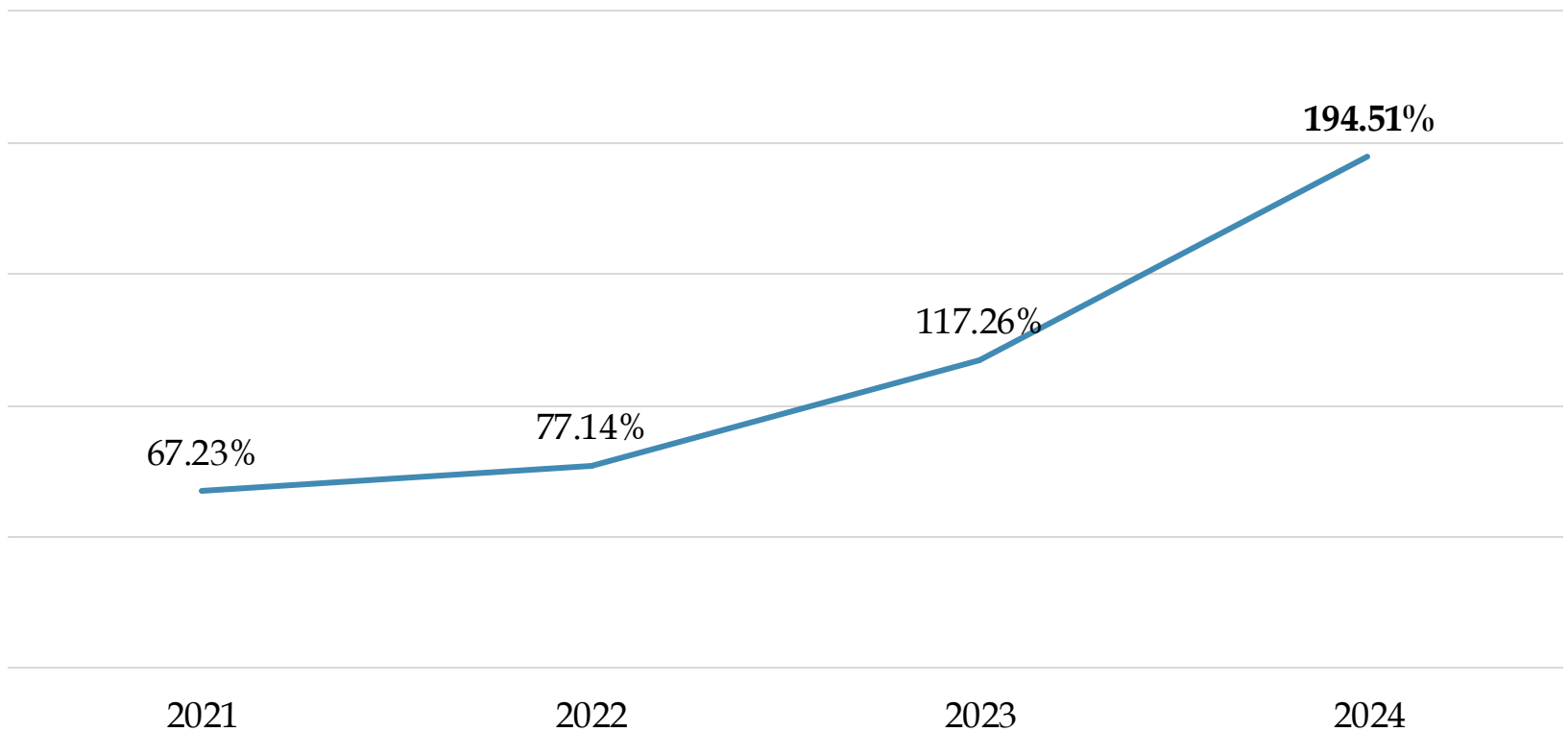
GENERAL FUND

ANALYSIS OF FUND BALANCE



TOWN OF NORTH TOPSAIL BEACH

Fund Balance Available as a Percentage of General Fund Expenditures



TOWN OF NORTH TOPSAIL BEACH SHORELINE PROTECTION FUND

Dear Board Members:

Below is a summarization of some of the key items in the audit report.

2024

Total Revenues and Other financing sources	\$	6,168,580
Total Expenditures and Other financing sources	\$	3,436,623
Net Change	\$	2,731,957
Net Position at the Beginning of the Year	\$	11,798,292
Net Position at the End of the Year	\$	14,530,249

TOWN OF NORTH TOPSAIL BEACH AMERICAN RESCUE PLAN FUND

Dear Board Members:

Below is a summarization of some of the key items in the audit report.

2024

Total Revenues and Other financing sources

\$

200,383

Total Expenditures and Other financing sources

\$

200,383

Net Change

\$

-

Net Position at the Beginning of the Year

\$

-

Net Position at the End of the Year

\$

-

TOWN OF NORTH TOPSAIL BEACH BEACH MAINTENANCE PROJECT

Dear Board Members:

Below is a summarization of some of the key items in the audit report.

2024

Total Revenues and Other financing sources	\$	13,109,012
Total Expenditures and Other financing sources	\$	12,023,714
Net Change	\$	1,085,298
Net Position at the Beginning of the Year	\$	3,596,236
Net Position at the End of the Year	\$	4,681,534

TOWN OF NORTH TOPSAIL BEACH CAPITAL IMPROVEMENT FUND

Dear Board Members:

Below is a summarization of some of the key items in the audit report.

2024

Total Revenues and Other financing sources

\$

2,563,318

Total Expenditures and Other financing sources

\$

897,556

Net Change

\$

1,665,762

Net Position at the Beginning of the Year

\$

1,401,275

Net Position at the End of the Year

\$

3,067,037

TOWN OF NORTH TOPSAIL BEACH

FIRE STATION #2

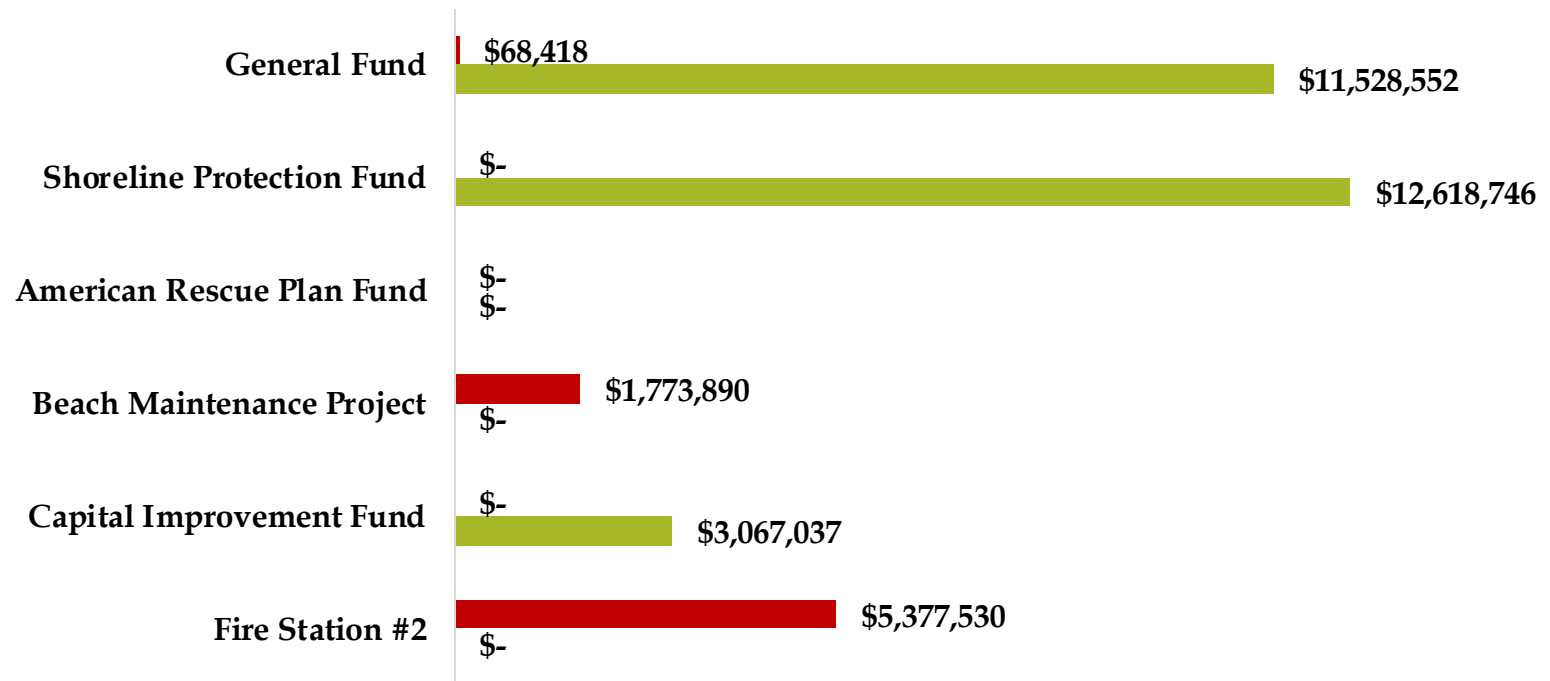
Dear Board Members:

Below is a summarization of some of the key items in the audit report.

		<u>2024</u>
Total Revenues and Other financing sources	\$	5,600,000
Total Expenditures and Other financing sources	\$	510,602
Net Change	\$	5,089,398
Net Position at the Beginning of the Year	\$	-
Net Position at the End of the Year	\$	5,089,398

Town of North Topsail Beach

Analysis of Cash



■ Restricted Cash & Cash Equivalents ■ Cash & Cash Equivalents

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

2024 -001 Noncompliance with Budget

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: The Town expended more for the American Rescue Plan Fund than was appropriated for in the annual budget ordinance.

Effect: Monies were spent that had not been obligated and appropriated.

Cause: The Town exceeded budget expenditures in the American Rescue Plan Fund while budget amendments were not adopted.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-001.

Recommendation: Before an obligation is to incur that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The Town will continue to monitor the budgets monthly to ensure compliance.

ADDITIONAL REQUIRED COMMUNICATIONS

Changes to the Audit Process

The Local Government Commission (LGC) will no longer initiate communications about concerns or findings (formerly considered unit letters). They have created a spreadsheet that has to be completed and submitted with the audit report. If that worksheet identifies what they consider a "Financial Performance Indicators of Concern" (FPICs), we are required to communicate those items to the Board.

You are required to submit a response within 60 days of the Board meeting in which the financial statements are presented. The detailed audit response should be presented to the entire Board, and signed by the entire Board, Finance Officer, and Manager.

The following FPIC's were identified on the LGC's transmittal document that we are required to notify you about:

ADDITIONAL REQUIRED COMMUNICATIONS

PERFORMANCE INDICATORS


The self-reported information from your unit's audit report was used to generate the following trends and performance indicators. We have created this Performance Indicator tab to make these indicators available to auditors and local governments when your audit is conducted. If any unit's results are shaded red, the unit must submit a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" within 60 days from the auditor's board presentation. The response must address all performance indicators shaded in red.

Unit Name:	North Topsail Beach	Fiscal Year 2024	Explanation of Performance Indicator
Unit Number:	50524		

In the past, units of government have been grouped by population to evaluate ratios and benchmarking (including Fund Balance Available). Beginning with fiscal year 2020, we have grouped units by General Fund expenditures for purposes of evaluating the minimum amount of fund balance a unit needs to operate. A unit's General Fund expenditures proved to be a better correlation to the amount of funds balance needed to operate, especially for units with large higher education or tourism populations. Activity from Debt Service Funds (if applicable) is included in the calculation because these funds typically originate from the General Fund and are transferred to a Debt Service Fund.

The table below lists the thresholds that are used in the analysis of your unit's fiscal health. These thresholds were determined based on an analysis of previous years general fund activity. These thresholds will be monitored and updated as applicable.

GENERAL PERFORMANCE INDICATORS:	2024	Target		
Did your audit disclose any budget violations at the adopted ordinance level? (Yes or No)	Yes	No over-expenditures	Yes	The unit has expenditures that exceed the legal budget ordinance. This indicates that the unit's purchase order system, contract approval process and / or payment process is not in compliance with North Carolina General Statute 159.
The Unit had material weaknesses, significant deficiencies, statutory violations and/or items identified on the <i>TD Info Completed by Auditor</i> tab that should be addressed in the FPIC Response Letter.	Yes		Yes	This indicator identifies whether the unit has any material weaknesses, significant deficiencies, management letter comments or items identified on the <i>TD Info Completed by Audit tab</i> including 1055, 1056, 1058, 955 and 957, that require a response.



Thank You for the
Opportunity to Work
With You!