



TOWN OF
SHALLOTTE
North Carolina

Presentation of Audit Results

Fiscal Year Ended
June 30, 2025



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TOWN OF SHALLOTTE

Presentation Agenda

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October 13, 2025

To the Honorable Mayor and Board of Alderman
Town of Shallotte
Shallotte, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Shallotte for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance (when applicable), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2025. Professional standards also required that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Shallotte are described in Note 1 to the financial statements. The Town adopted GASB Statement 101, "Compensated Absences" in the current year. We noted no transactions entered into by the Town of Shallotte during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant estimate(s) for the Town are allowance for doubtful accounts, compensated absences, and depreciation. We evaluated the key factors and assumptions used to develop the allowance and useful lives for depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There are no such disclosures identified.

Members

American Institute of CPAs - N.C. Association of CPAs – AICPA's Private Companies Practice Section

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated October 13, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Auditing Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Shallotte's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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. The Town is 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. We are pleased to announce that there are no items that must be addressed in the current year.

Other Matters

We applied certain limited procedures to the Schedule of Town's Proportionate Share of Net Pension Liability (LGCERS), Schedule of Town Contributions (LGCERS), Schedule of Change in Total Pension Liability – Law Enforcement Officer's Special Separation Allowance, and Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance, Schedule of Changes in the Total OPEB Liability and Related Ratios which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries

of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual non-major fund statement schedules, budgetary schedules, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We are not engaged to report on the Introductory Information or Statistical Information which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Please ensure that management and the Board are aware of the new GASB pronouncements for the upcoming fiscal year. Be especially mindful of GASB No.103: *Financial Reporting Model Improvements*, as the implementation of this standard may take a significant amount of time and resources to properly implement.

Restriction on Use

This information is intended solely for the use of the Board of Alderman and management of Town of Shallotte and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

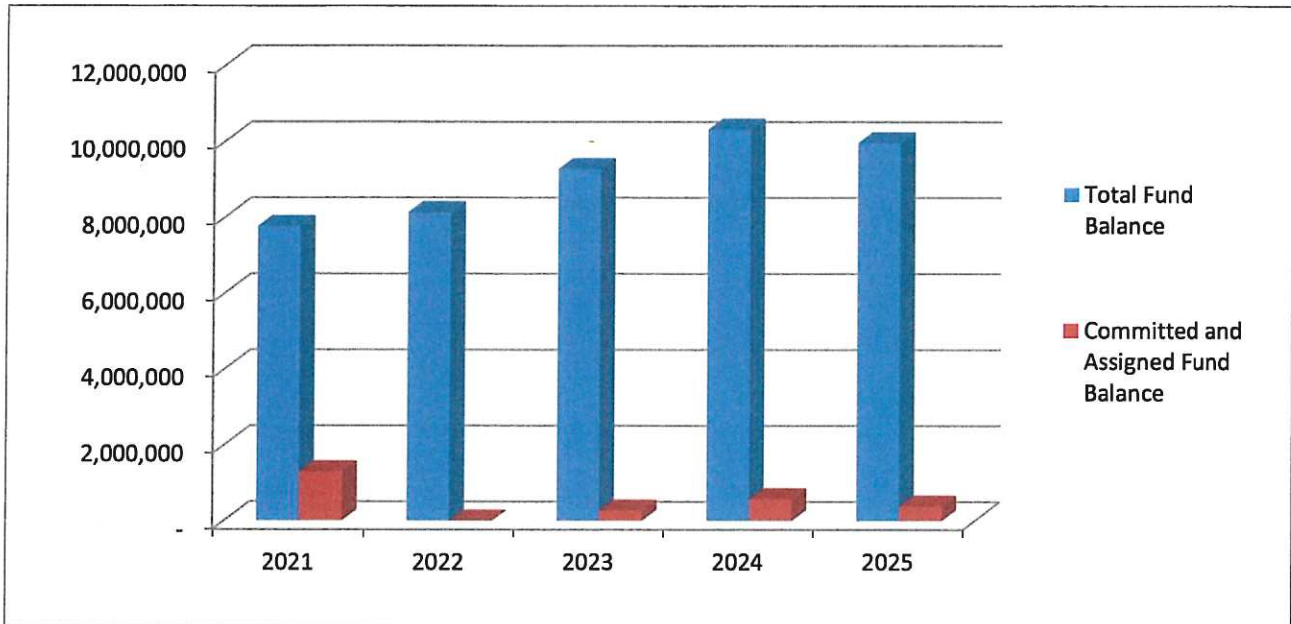
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TOWN OF SHALLOTTE					
FINANCIAL INFORMATION FOR 5 YEARS					
	2025	2024	2023	2022	2021
Total Fund Balance - General Fund	9,955,302	10,314,642	9,265,034	8,123,733	7,759,951
Unavailable Fund Balance - GF (Nonspendable and Restricted)	1,277,165	1,285,815	1,111,146	814,539	707,640
Committed and Assigned Fund Balance	386,910	581,436	268,778	-	1,293,635
General Fund Expenditures (incl transfers out less installment purchase, leases, SBITAs)	8,861,614	6,526,152	6,674,654	6,582,254	6,982,460
Fund Balance Available as % of General Fund	110.76%	150.39%	147.04%	125.67%	92.77%
Unassigned Fund Balance	8,291,227	8,447,391	7,885,110	7,309,194	5,758,676
Unassigned Fund Balance as % of General Fund	93.56%	129.44%	118.14%	111.04%	82.47%
Revenues over (under) expenditures before transfers and contributions					
General Fund	(539,896)	838,170	(2,515)	481,544	362,942
Water and Sewer Fund	1,716,151	545,118	600,458	1,847,357	654,489
Cash vs. Accumulated Depreciation - Water and Sewer Fund					
Total Fixed Assets	17,554,413	14,877,072	13,973,705	17,797,718	17,173,067
Accumulated Depreciation	5,917,187	5,447,774	5,049,184	6,842,775	6,305,843
Cash	5,018,550	4,594,906	4,777,377	7,004,400	4,959,700
Cash vs. Fund Balance					
Cash - General	10,240,295	10,197,593	8,798,704	8,115,503	7,582,820
Cash - Water and Sewer Fund	5,018,550	4,594,906	4,777,377	7,004,400	4,959,700
Cash - Other Governmental	1,861,585	3,492,594	1,191,700	1,373,317	81,855
Fund Balance - General	9,955,302	10,314,642	9,265,034	8,123,733	7,759,951
Fund Balance - Water and Sewer Fund	17,896,240	14,537,110	13,991,992	18,223,830	16,175,014
Fund Balance - Other Governmental Funds	313	313	313	3,535	(151,373)
Property Tax Rates					
	0.3100	0.2876	0.3525	0.3525	0.3525
Collection Percentages					
	97.29%	99.37%	99.46%	99.16%	98.47%
Collection Percentages (excluding Motor Vehicle)	97.04%	99.32%	99.40%	99.08%	98.32%
Total Property Valuation					
	1,158,251,884	1,114,197,577	758,508,278	744,582,296	713,665,433
Total Levy Amount					
	3,592,581	3,204,959	2,675,223	2,626,217	2,517,010
Debt					
Governmental Activities - Installment Purchases	894,629	1,462,108	1,621,603	2,375,716	2,679,635
Governmental Activities - Leases & SBITA Liabilities	205,211	145,609	26,713	53,952	-
Total Governmental	1,099,840	1,607,717	1,648,316	2,429,668	2,679,635
Business-type Activities - Installment Purchases	-	-	-	-	-
Business-type Activities - Lease liabilities	-	-	9,275	-	-
Total Business-Type Activities	-	-	9,275	-	-

TOWN OF SHALLOTTE						
FINANCIAL INFORMATION FOR 5 YEARS						
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	
Breakdown of General Fund Revenues						
Ad Valorem Taxes	3,554,065	3,203,150	2,691,914	2,698,924	2,590,216	
Other Taxes and Licenses	645	735	735	615	615	
Intergovernment Revenue	4,214,879	3,917,559	3,778,837	3,450,036	3,420,337	
Permits and Fees	41,582	33,145	50,328	44,628	48,355	
Sales and Services	9,107	8,680	4,440	3,270	1,446	
Investment Earnings	433,033	375,483	94,786	4,512	4,914	
Miscellaneous	27,679	23,745	13,798	26,295	104,519	
Total	8,280,990	7,562,497	6,634,838	6,228,280	6,170,402	
Breakdown of General Fund Expenditures						
General Government	1,202,720	1,152,604	1,231,764	1,010,169	1,255,496	
Public Safety	4,976,053	3,956,306	3,560,103	3,450,401	2,905,835	
Transportation	877,784	460,710	423,019	397,406	600,215	
Economic and Physical Development	437,369	306,974	196,789	175,676	180,050	
Cultural and Recreation	560,463	562,707	391,536	332,511	390,438	
Debt Service	766,497	285,026	834,143	380,573	475,426	
Total	8,820,886	6,724,327	6,637,354	5,746,736	5,807,460	

TOWN OF SHALLOTTE

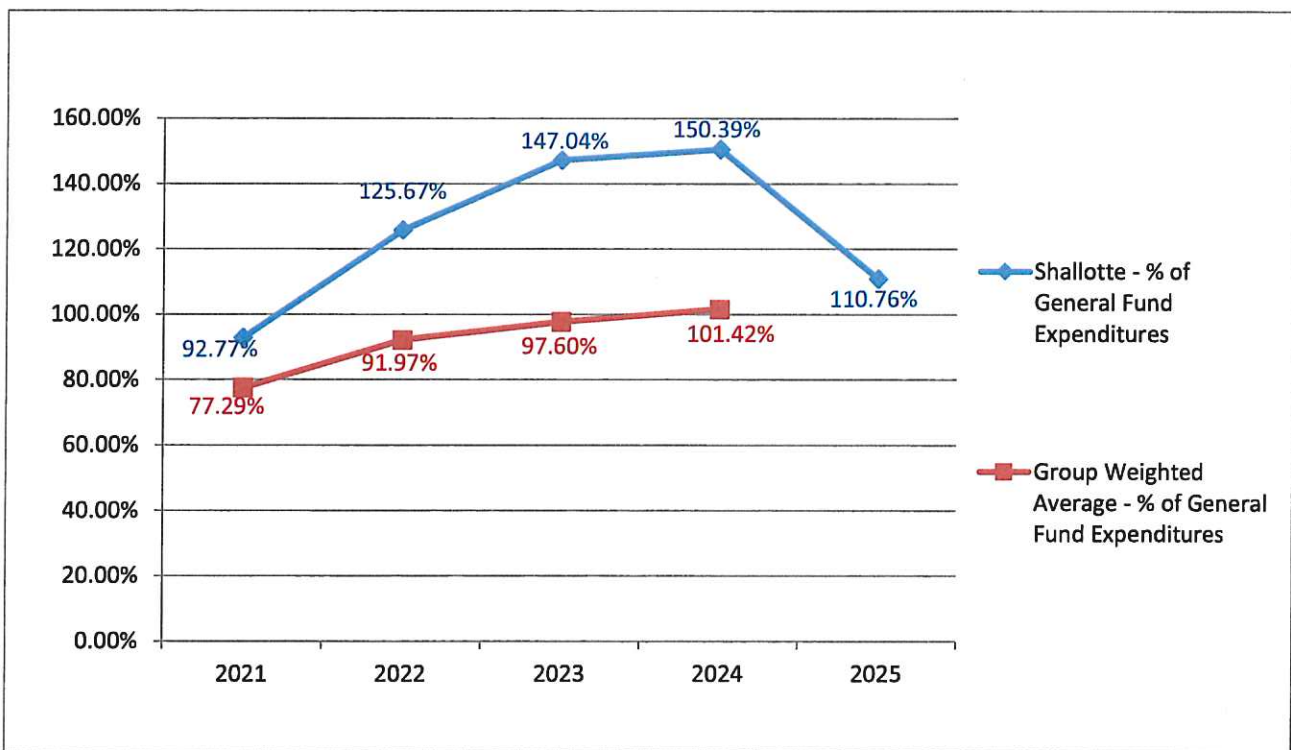
Analysis of Fund Balance



TOWN OF SHALLOTTE

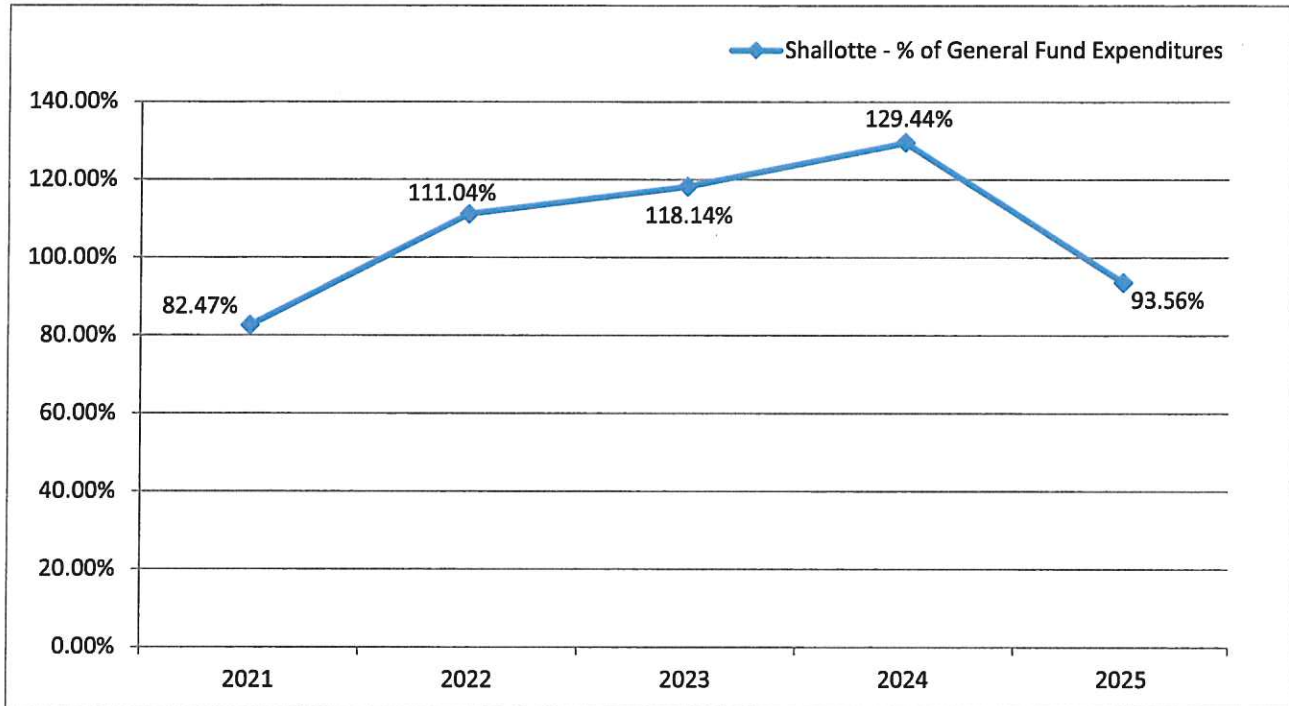
Analysis of Fund Balance Available

(Note - 2025 Group Weighted Average Not Available at Date of Presentation)



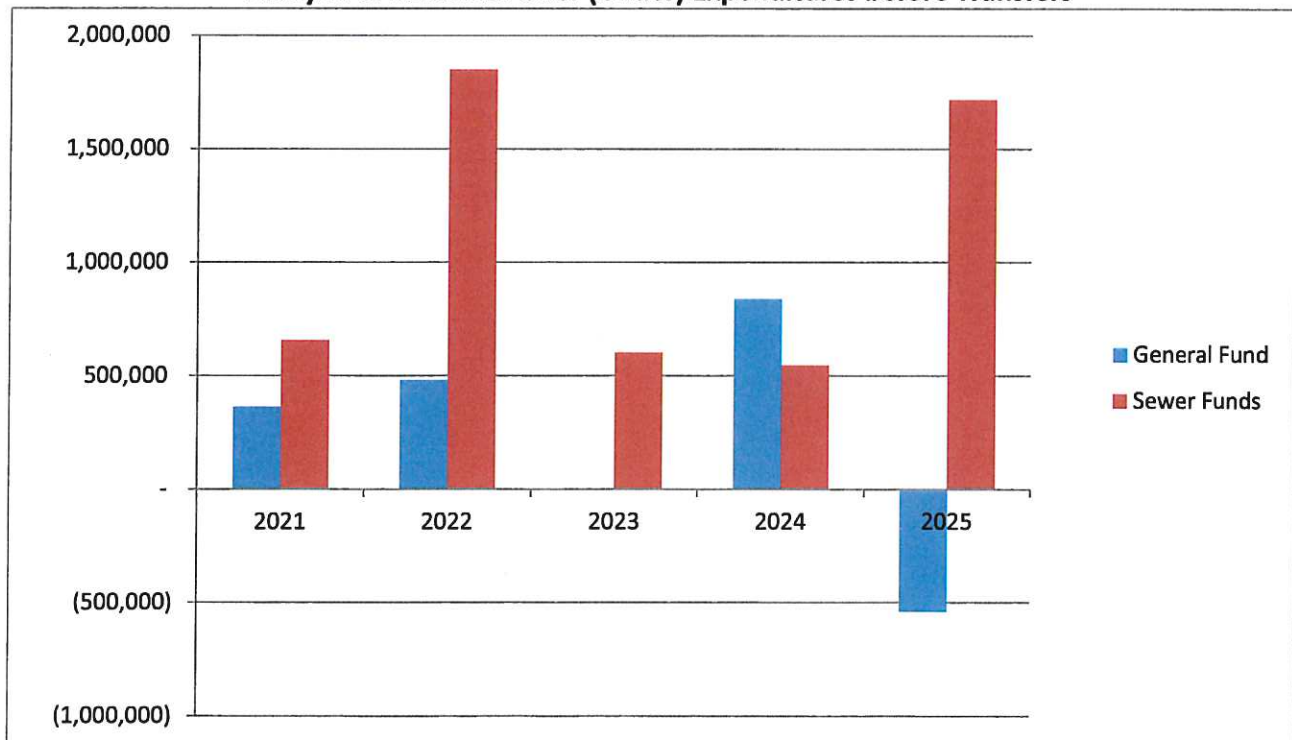
TOWN OF SHALLOTTE

Analysis of Unassigned Fund Balance as a % of General Fund Expenditures



TOWN OF SHALLOTTE

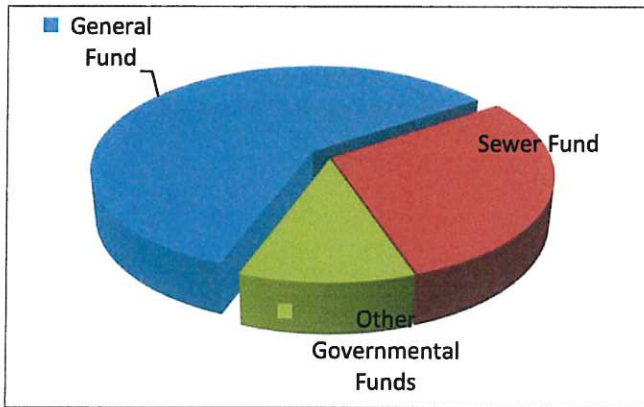
Analysis of Revenues Over (Under) Expenditures before Transfers



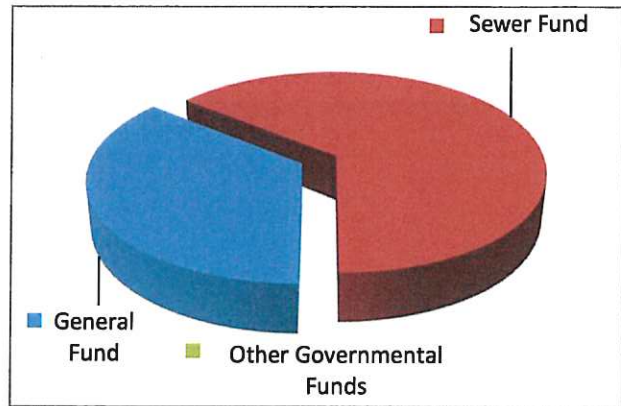
TOWN OF SHALLOTTE

Analysis of Cash and Fund Balances at June 30, 2025

CASH BALANCES



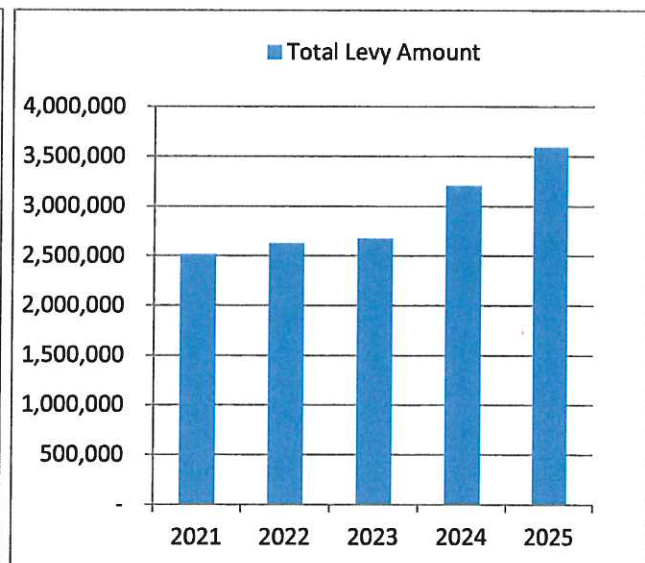
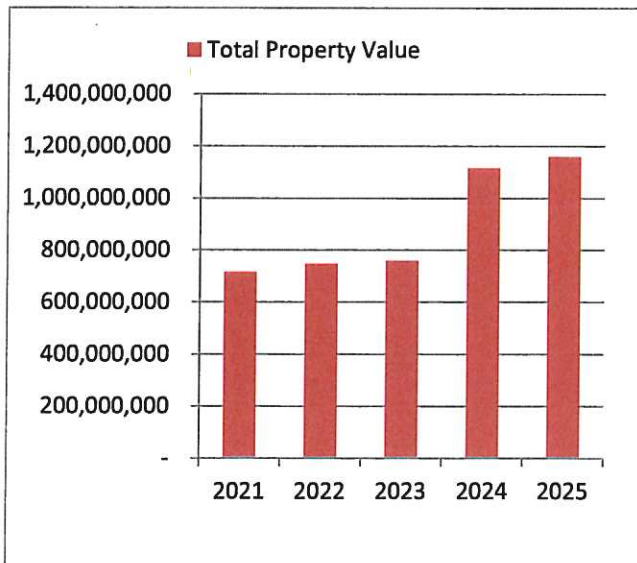
FUND BALANCES



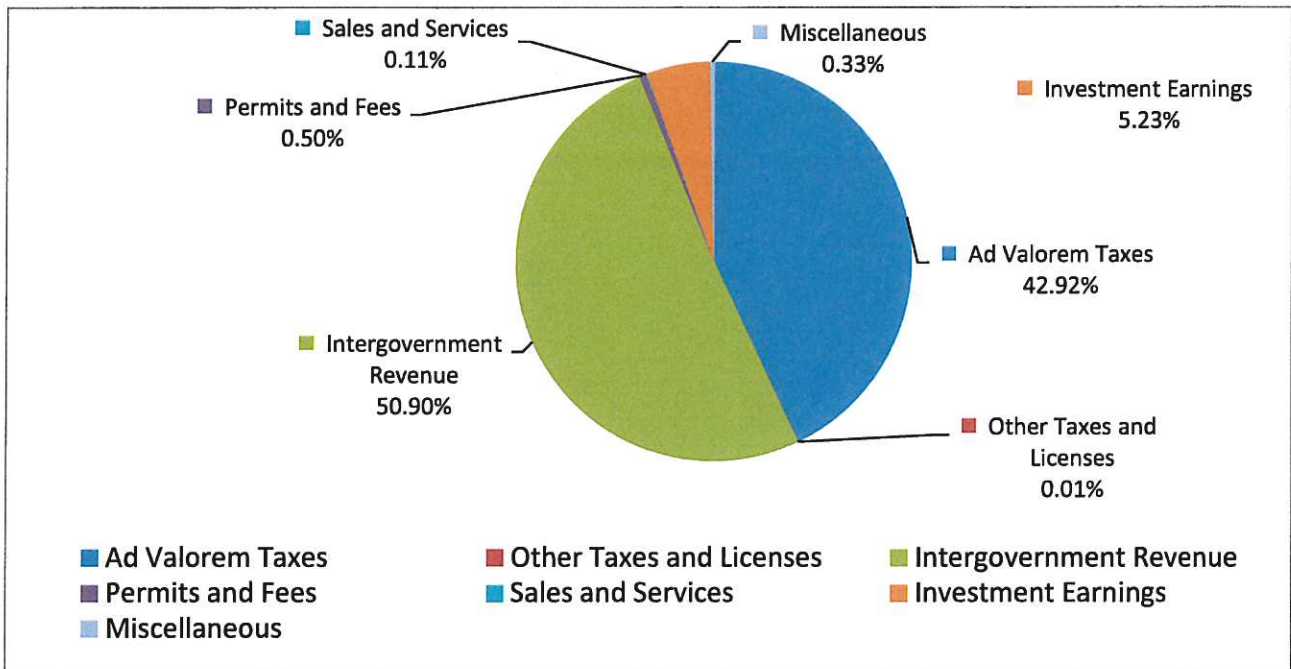
	2025	
	<u>Cash Balances</u>	<u>Fund Balances</u>
General Fund	\$ 10,240,295	\$ 9,955,302
Sewer Fund	5,018,550	17,896,240
Other Governmental Funds	1,861,585	313
Total	\$ 17,120,430	\$ 27,851,855

TOWN OF SHALLOTTE

Property Valuation and Levy Amount



TOWN OF SHALLOTTE **Break Down of General Fund Revenue** **FYE June 30, 2025**



TOWN OF SHALLOTTE **Break Down of General Fund Expenditures** **FYE June 30, 2025**

