

**REVIEWED**

*By SLGFD at 3:41 pm, Jan 04, 2022*

## Town of Minnesott Beach

### FINANCIAL STATEMENTS

June 30, 2021





	<b>Page</b>
<b>REPORT</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Exhibit 1 - Statement of Net Position	11
Exhibit 2 - Statement of Activities	12
Fund Financial Statements	
Exhibit 3 - Balance Sheet – Governmental Fund	13
Exhibit 3 - Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	13
Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14
Exhibit 4 - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	14
Exhibit 5 – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	15
Notes to Financial Statements	16
<b>INDIVIDUAL FUND STATEMENTS</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual – General Fund	28
<b>OTHER SCHEDULES</b>	
Schedule of Ad Valorem Taxes Receivable	31
Analysis of Current Tax Levy – Town-Wide Levy	32
<b>COMPLIANCE</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33

## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and  
Members of the Board of Commisisoners  
Town of Minnesott Beach, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Minnesott Beach (the "Town"), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprises 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 from 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 auditors consider 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General 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 the management's discussion and analysis on 4 through 10 be presented to supplement the basic financial statements. Such information, although not a 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. The individual fund budgetary schedule and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary schedule and other schedules are the responsibility of management and were derived from and relate 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. In our opinion, the individual fund budgetary schedule and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

*Car, Riggs & Ingram, L.L.C.*

New Bern, North Carolina  
November 30, 2021

## Town of Minnesott Beach Management's Discussion and Analysis

As management of the Town of Minnesott Beach (the "Town"), we offer readers of the Town's financial statements this narrative overview of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

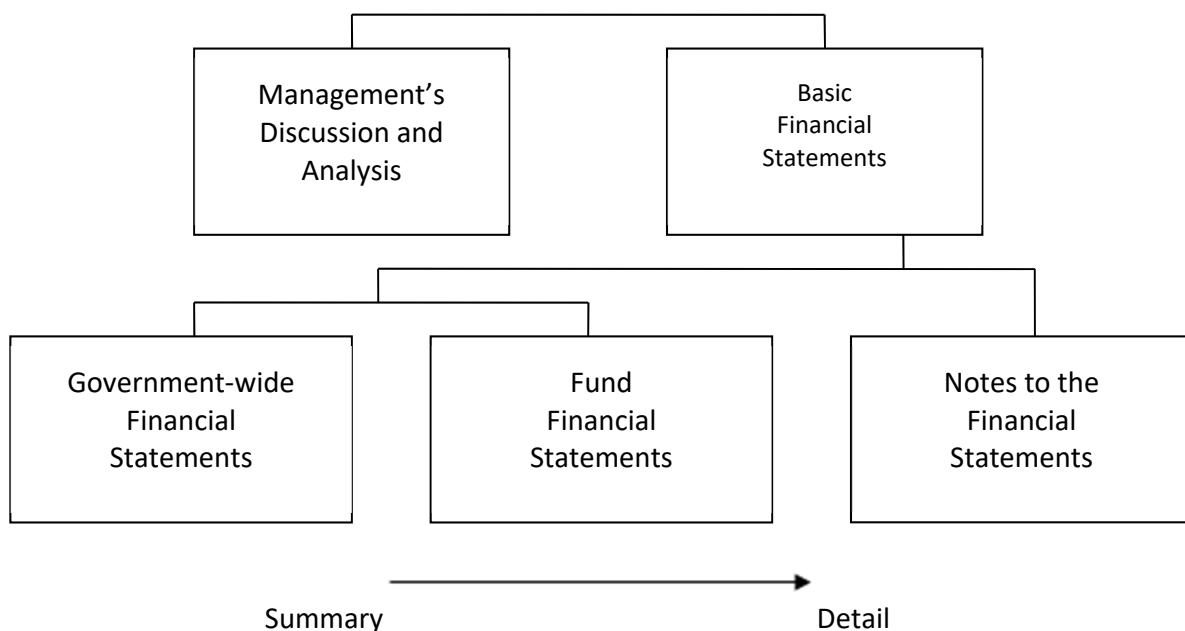
### FINANCIAL HIGHLIGHTS

- The assets exceeded its liabilities at the close of the fiscal year by \$1,437,366 (*net position*).
- The government's total net position increased by \$52,304, primarily due to an increase in property taxes and other taxes.
- As of the close of the fiscal year, the Town of Minnesott Beach's governmental funds reported ending fund balance of \$1,101,791, with a net increase in fund balance of \$80,867. Approximately 2.93% of this total amount, or \$32,261, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$912,037, or 534.74% of general fund expenditures for the fiscal year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

#### Required Components of Annual Financial Report

Figure 1



## Town of Minnesott Beach Management's Discussion and Analysis

### 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 5*) 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 two parts to the Fund Financial Statements: 1) the governmental fund statements; and 2) the budgetary comparison 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, the **Supplemental Information** is provided to show details about the Town's individual fund. Budgetary information required by the General Statutes also can be found in this part of the statements.

### Government-Wide Financial Analysis

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 it has changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements consist of the governmental activities. The governmental activities include most of the Town's basic services such as public safety, transportation, cultural and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

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, 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. The Town's sole fund is considered a governmental fund.

**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 the governmental fund.

## Town of Minnesott Beach Management's Discussion and Analysis

These funds focus 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* that 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 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**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 begin on page 16 of this report.

**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 governments and other holders of publicly held U.S. Treasury Securities.



## Town of Minnesott Beach Management's Discussion and Analysis

### Town of Minnesott Beach's Net Position

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 1,109,828	\$ 1,030,411
Capital assets	334,020	360,018
Total assets	1,443,848	1,390,429
Current liabilities	6,482	5,367
Total liabilities	6,482	5,367
Net investment in capital assets	334,020	360,018
Restricted net position	32,261	23,335
Unrestricted net position	1,071,085	1,001,709
Total net positon	\$ 1,437,366	\$ 1,385,062

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$1,437,366 as of June 30, 2021. The Town's net position increased by \$52,304 for the fiscal year ended June 30, 2021. However, a large portion (23.24%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town's net investment in its 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's net position, \$32,261 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,071,085 is unrestricted.

## Town of Minnesott Beach Management's Discussion and Analysis

### Town of Minnesott Beach's Changes in Net Position

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,985	\$ 4,251
Operating grants	31,832	57,327
General revenues:		
Property taxes	132,935	124,063
Other taxes	73,561	66,683
Investment earnings	6,182	8,633
Other revenues	364	3,242
Total revenues	248,859	264,199
Expenses:		
General government	73,896	73,460
Public safety	11,421	2,544
Transportation	50,913	59,976
Environmental protection	60,325	52,100
Total expenses	196,555	188,080
Increase in net position	52,304	76,119
Net position, beginning	1,385,062	1,308,943
Net position, ending	\$ 1,437,366	\$ 1,385,062

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

- Increase in property tax revenues and other revenues
- Decrease in operating grants
- Increase in public safety and environmental protection expenditures

**Governmental activities:** Governmental activities increased the Town's net position by \$52,304.

### Financial Analysis of the Town of Minnesott Beach

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

**Governmental Fund.** The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

## Town of Minnesott Beach Management's Discussion and Analysis

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$912,037, while total governmental fund balance reached \$1,101,791. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The Town currently has an available fund balance of 534.74% of total General Fund expenditures, and total fund balance represents 645.99% of the same amount.

**General Fund Budgetary Highlights:** 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 Town did not find it necessary to revise the budget this fiscal year.

**Capital Assets.** As of June 30, 2021, the Town's investment in capital assets for its governmental activities totals \$334,020 (net of accumulated depreciation). These assets include buildings and improvements, machinery, equipment, infrastructure, and vehicles.

### Town of Minnesott Beach's Capital Assets (net of depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 21,769	\$ 21,769
Construction in progress	15,344	15,344
Buildings and improvements	130,496	136,740
Machinery and equipment	37	173
Infrastructure	166,374	185,991
Vehicles and motorized equipment	-	-
<b>Total assets</b>	<b>\$ 334,020</b>	<b>\$ 360,018</b>

There were no capital asset additions or disposals this fiscal year.

Additional information on the Town's capital assets can be found in Note 2 of the basic financial statements.

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

The following key economic indicators reflect the growth and prosperity of the Town. The Town has high unemployment, an aged population, no industrial development, and very little retail business. These factors help to create a situation where the Town's customer base is eroded. The resulting ratio of expenses versus revenues creates a difficult situation in keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on a fixed income.

## **Town of Minnesott Beach Management's Discussion and Analysis**

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time.

### **Request 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 Town Clerk, Town of Minnesott Beach, 11758 Hwy 306 South, Minnesott Beach, NC 28510.

**Town of Minnesott Beach**  
**Statement of Net Position**  
**June 30, 2021**  
**Exhibit 1**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 864,480
Investments	211,532
Taxes receivable (net)	1,555
Accounts receivable (net)	14,797
Restricted cash and cash equivalents	17,464
Total current assets	1,109,828
Noncurrent assets:	
Capital assets:	
Land and construction in progress	37,113
Capital assets, net of depreciation	296,907
Total capital assets	334,020
Total assets	1,443,848
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	6,482
Total current liabilities	6,482
<b>NET POSITION</b>	
Net investment in capital assets	334,020
Restricted for:	
Stabilization by State Statute	14,797
Streets	17,464
Unrestricted	1,071,085
Total net position	\$ 1,437,366

*The accompanying notes are an integral part of these financial statements.*

**Town of Minnesott Beach**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**  
**Exhibit 2**

					Net (Expense) Revenue and Changes in Net Position
					Primary
Functions/ Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activiites
Primary government:					
Governmental activities:					
General government	\$ 73,896	\$ -	\$ -	\$ -	\$ (73,896)
Public safety	11,421	-	14,368	-	2,947
Transportation	50,913	-	17,464	-	(33,449)
Environmental protection	60,325	3,985	-	-	(56,340)
Total governmental activities	\$ 196,555	\$ 3,985	\$ 31,832	\$ -	(160,738)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					132,935
Other taxes					73,561
Investment earnings					6,182
Miscellaneous					364
Total general revenues					213,042
Change in net position					52,304
Net position, beginning					1,385,062
Net position - ending					\$ 1,437,366

*The accompanying notes are an integral part of these financial statements.*

**Town of Minnesott Beach**  
**Balance Sheet – Governmental Fund**  
**June 30, 2021**  
**Exhibit 3**

	<b>Major Fund</b>
	<b>General</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 864,480
Investments	211,532
Restricted cash	17,464
Ad valorem taxes receivable (net)	1,555
Accounts receivable	14,797
Total assets	1,109,828
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	6,482
Total liabilities	6,482
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax receivable	1,555
<b>FUND BALANCE</b>	
Restricted	
Stabilization of State Statute	14,797
Streets	17,464
Assigned for subsequent year's expenditures	157,493
Unassigned	912,037
Total fund balance	1,101,791
Total liabilities, deferred inflows of resources and fund balance	\$ 1,109,828
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental fund	\$ 1,101,791
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	
Gross capital assets at historical cost	671,228
Accumulated depreciation	<u>(337,208)</u>
	334,020
Deferred outflows of resources related to pensions are not reported in the fund	
Earned revenues considered deferred inflows of resources in the fund statements	1,555
Net position of governmental fund	\$ 1,437,366

*The accompanying notes are an integral part of these financial statements.*

**Town of Minnesott Beach**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance – Governmental Fund**  
**For the Year Ended June 30, 2021**  
**Exhibit 4**

	<b>Major Fund</b>
	<b>General</b>
<b>REVENUES</b>	
Ad valorem taxes	\$ 135,499
Unrestricted intergovernmental	73,561
Restricted intergovernmental	31,832
Sales and services	3,985
Investment earnings	6,182
Miscellaneous	364
<b>Total revenues</b>	<b>251,423</b>
<b>EXPENDITURES</b>	
Current:	
General government	67,236
Public safety	11,421
Transportation	31,574
Environmental protection	60,325
<b>Total expenditures</b>	<b>170,556</b>
Net change in fund balance	80,867
Fund balance - beginning	1,020,924
Fund balance - ending	\$ 1,101,791

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance to the Statement of Activities:

Net change in fund balance - governmental fund \$ 80,867

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.

Depreciation expense for governmental assets (25,999)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.

Change in unavailable revenue for tax revenue (2,564)

**Total changes in net position of governmental activities \$ 52,304**

*The accompanying notes are an integral part of these financial statements.*



**Town of Minnesott Beach**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**  
**Exhibit 5**

	General Fund			Variance with
	Original	Final Budget	Actual Amounts	Final Budget -
	Budget			Positive
				(Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 114,810	\$ 114,810	\$ 135,499	\$ 20,689
Unrestricted intergovernmental	51,200	51,200	73,561	22,361
Restricted intergovernmental	19,000	19,000	31,832	12,832
Sales and services	2,500	2,500	3,985	1,485
Investment earnings	2,000	2,000	6,182	4,182
Miscellaneous	1,045	1,045	364	(681)
Total revenues	190,555	190,555	251,423	60,868
<b>EXPENDITURES</b>				
Current:				
General government	101,950	101,950	67,236	34,714
Public safety	17,000	17,000	11,421	5,579
Transportation	62,000	62,000	31,574	30,426
Environmental protection	60,500	60,500	60,325	175
Capital outlay	30,000	30,000	-	30,000
Total expenditures	271,450	271,450	170,556	100,894
Revenues over (under) expenditures	(80,895)	(80,895)	80,867	161,762
Fund balance appropriated	80,895	80,895	-	(80,895)
Net change in fund balance	\$ -	\$ -	80,867	\$ 80,867
Fund balance - beginning			1,020,924	
Fund balance- ending			\$ 1,101,791	

*The accompanying notes are an integral part of these financial statements.*

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Minnesott Beach (the “Town”) 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 is a municipal corporation governed by an elected mayor and a four-member governing board.

***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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for the 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 fund.

The Town reports the following major governmental fund:

*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, local option sales taxes, State grants and various other taxes and licenses. The primary expenditures are for general government and environmental protection.

***C. Measurement Focus, Basis of Accounting and Financial Presentations***

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 Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting.

## Town of Minnesott Beach Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

*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. Issuance 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 vehicle 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. 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 utilities franchise 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 because the tax is levied by Pamlico 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 by general revenues.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Budgetary Information***

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General 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 multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

***E. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***F. Assets, Deferred Outflows, Liabilities, Deferred Inflows, 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 generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted maturity of less than 90 days, it is presented as an investment with a maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

***2. Cash and Cash Equivalents***

All cash is essentially demand deposits and are considered cash and cash equivalents.

## Town of Minnesott Beach Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. *Restricted Assets*

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4.

#### 4. *Ad Valorem Taxes Receivables*

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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

#### 5. *Allowance for doubtful accounts*

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

#### 6. *Capital Assets*

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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:

Asset Class	Useful Lives
Infrastructure	20
Buildings	40
Improvements	25
Vehicles	5
Furniture and Fixtures	7
Equipment	5
Computer Equipment	3
Software	3

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*7. 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(s) and so will not be recognized as an expense or expenditure until then. The Town did not have any items meeting this criteria. 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 revenue until that time. The Town has one item that meets the criteria for this category - property taxes receivable.

*8. 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 represents constraints on resources that are externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statutes.

*Fund Balances*

In the governmental fund financial statements, fund balance is composed of three 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:

*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* – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining which portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is which is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

## Town of Minnesott Beach Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Restricted for Streets* – Powell Bill portion of fund balance that is restricted by revenue sources for street construction and maintenance expenditures. This amount represents the balance of unexpended Powell Bill funds.

*Assigned fund balance* – portion of fund balance the Town intends to use for specific purposes.

*Subsequent year's expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified as 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.

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bonds proceeds, federal funds, State funds, local non-Town funds, Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

#### 9. Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## Town of Minnesott Beach Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.



## Town of Minnesott Beach Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The Town is evaluating the requirements of the above statements and the impact on reporting.

**Note 2: 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 agent in the Town's name. 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 agent in the Town's name. 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 insured.

## Town of Minnesott Beach Notes to Financial Statements

### Note 2: DETAIL NOTES ON ALL FUNDS (Continued)

At June 30, 2021, the Town's deposits had a carrying amount of \$881,894 and a bank balance of \$882,502. 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, 2021, the Town's petty cash fund totaled \$50.

At June 30, 2021 the Town had \$211,532 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk. The Town's investment is categorized as a Level 1 Fair Value and does not have a specified maturity.

#### 2. Accounts Receivable

Taxes receivables are shown net of allowance for uncollectable accounts of \$500 at June 30, 2021.

#### 3. Capital Assets

The following is a summary of changes in capital assets during the year ended June 30, 2021:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 21,769	\$ -	\$ -	\$ 21,769
Construction in progress	15,344	-	-	15,344
Total capital assets not being depreciated	37,113	-	-	37,113
<b>Capital assets being depreciated:</b>				
Buildings and improvements	168,041	-	-	168,041
Machinery and equipment	53,505	-	-	53,505
Infrastructure	399,169	-	-	399,169
Vehicles	13,400	-	-	13,400
Total capital assets being depreciated	634,115	-	-	634,115
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	31,299	6,246	-	37,545
Machinery and equipment	53,332	136	-	53,468
Infrastructure	213,178	19,617	-	232,795
Vehicles	13,400	-	-	13,400
Total accumulated depreciation	311,209	\$ 25,999	\$ -	337,208
Total capital assets being depreciated, net	322,906			296,907
Governmental activities capital assets net	<u>\$ 360,018</u>			<u>\$ 334,020</u>

**Town of Minnesott Beach**  
**Notes to Financial Statements**

**Note 2: DETAIL NOTES ON ALL FUNDS (Continued)**

Depreciation expense was allocated to the functions/programs in the statement of activities as follows:

General government	\$	19,339
Transportation		6,660
<hr/>		
Total depreciation expense	\$	25,999
<hr/>		

**B. Liabilities**

*1. Deferred Outflows and Inflows of Reseources*

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

Taxes receivable, less penalties	\$	1,555
<hr/>		

**C. 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	\$ 1,101,791
Less:	
Stabilization by State Statute	14,797
Streets - Powell Bill	17,464
Appropriated Fund Balance in 2022 budget	157,493
<hr/>	
Remaining Fund Balance	\$ 912,037
<hr/>	

**Note 3: 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 three self-funded risk-financing pools administered by North Carolina League of Municipalities. Through these pools, 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, workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

**Note 3: RISK MANAGEMENT (Continued)**

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.

In accordance with G.S. 159-29, the Town's finance officer has a performance bond for \$50,000 through a commercial surety bond agency.

**Note 4: SUMMARY OF DISCLSOURE 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 audis 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.

**Town of Minnesott Beach**  
**Schedule of Revenue, Expenditures, and Changes**  
**In Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes			
Taxes		\$ 134,650	
Penalties and interest		849	
Total	\$ 114,810	135,499	\$ 20,689
Unrestricted intergovernmental			
Local option sales tax		53,152	
Utility franchise tax		17,959	
Beer and wine tax		2,080	
Solid waste disposal tax		370	
Total	51,200	73,561	22,361
Restricted intergovernmental			
CARES funds		14,368	
Powell Bill allocation		17,464	
Total	19,000	31,832	12,832
Sales and services			
Garbage collection		3,985	
Total	2,500	3,985	1,485
Investment earnings	2,000	6,182	4,182
Miscellaneous	1,045	364	(681)
Total revenues	190,555	251,423	60,868

**Town of Minnesott Beach**  
**Schedule of Revenue, Expenditures, and Changes**  
**In Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>			
General government			
Administration			
Salaries and benefits		24,486	
Tax collection fee		3,074	
Telephone		2,725	
Supplies		5,102	
Dues & subscriptions		2,140	
Insurance and bonds		4,377	
Professional services		10,148	
Utilities		1,374	
Donations		600	
Other expenditures		13,210	
Total general government	101,950	67,236	34,714
Public safety			
Police			
Salaries and benefits		1,919	
Contract labor		8,213	
Automobile expenditures		1,227	
Other expenditures		62	
Total public safety	17,000	11,421	5,579
Transportation			
Street lights		9,750	
Street maintenance		21,824	
Total transportation	62,000	31,574	30,426

**Town of Minnesott Beach**  
**Schedule of Revenue, Expenditures, and Changes**  
**In Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Environmental protection			
Garbage services		60,325	
Total environmental protection	60,500	60,325	175
Capital outlay	30,000	-	30,000
Total expenditures	271,450	170,556	100,894
Revenues over (under) expenditures	(80,895)	80,867	161,762
Fund balance appropriated	80,895	-	(80,895)
Net change in fund balance	\$ -	80,867	\$ 80,867
<b>Fund balance, beginning</b>		<u>1,020,924</u>	
<b>Fund balance, ending</b>		<u>\$ 1,101,791</u>	



**Town of Minnesott Beach**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 131,734	\$ 130,880	\$ 854
2019-2020	2,551	-	2,244	307
2018-2019	265	-	140	125
2017-2018	186	-	122	64
2016-2017	202	-	112	90
2015-2016	252	-	171	81
2014-2015	178	-	115	63
2013-2014	297	-	114	183
2012-2013	319	-	153	166
2011-2012	157	-	35	122
2010-2011	211	-	211	-
	<u>\$ 4,618</u>	<u>\$ 131,734</u>	<u>\$ 134,297</u>	<u>2,055</u>
Less: allowance for uncollectible amounts				<u>(500)</u>
Ad valorem taxes receivable - net				<u><u>\$ 1,555</u></u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 135,499
Penalties and interest				(849)
Taxes written off				<u>(353)</u>
Total collections and credits				<u><u>\$ 134,297</u></u>

**Town of Minnesott Beach  
Analysis of Current Tax Levy  
For the Year Ended June 30, 2021**

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property taxed at current	\$ 119,758,182	0.11	\$ 131,734	\$ 121,914	\$ 9,820
Abatements			-	-	-
Total property valuation	<u>\$ 119,758,182</u>				
Net levy			\$ 131,734	\$ 121,914	\$ 9,820
Uncollected taxes at June 30, 2021			854	854	-
Current year's tax collected			<u>\$ 130,880</u>	<u>\$ 121,060</u>	<u>\$ 9,820</u>
Current levy collection percentage			<u>99.35%</u>	<u>99.30%</u>	<u>100.00%</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Minnesott Beach, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Minnesott Beach, North Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated November 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

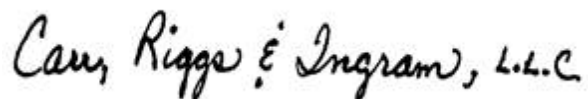
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters<sup>6</sup> that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive, slightly stylized font.

New Bern, North Carolina

November 30, 2021