

TOWN OF OAK ISLAND NORTH CAROLINA



**COMPREHENSIVE ANNUAL FINANCIAL
REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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TOWN OF OAK ISLAND, NORTH CAROLINA

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Introductory Section

Town of Oak Island, North Carolina
List of Principal Officials
June 30, 2021

Mayor and Town Council

Ken Thomas, Mayor
Jeff Winecoff, Mayor Pro Tempore
Loman Scott,
Sheila M. Bell
Charlie K. Blalock
John W. Bach

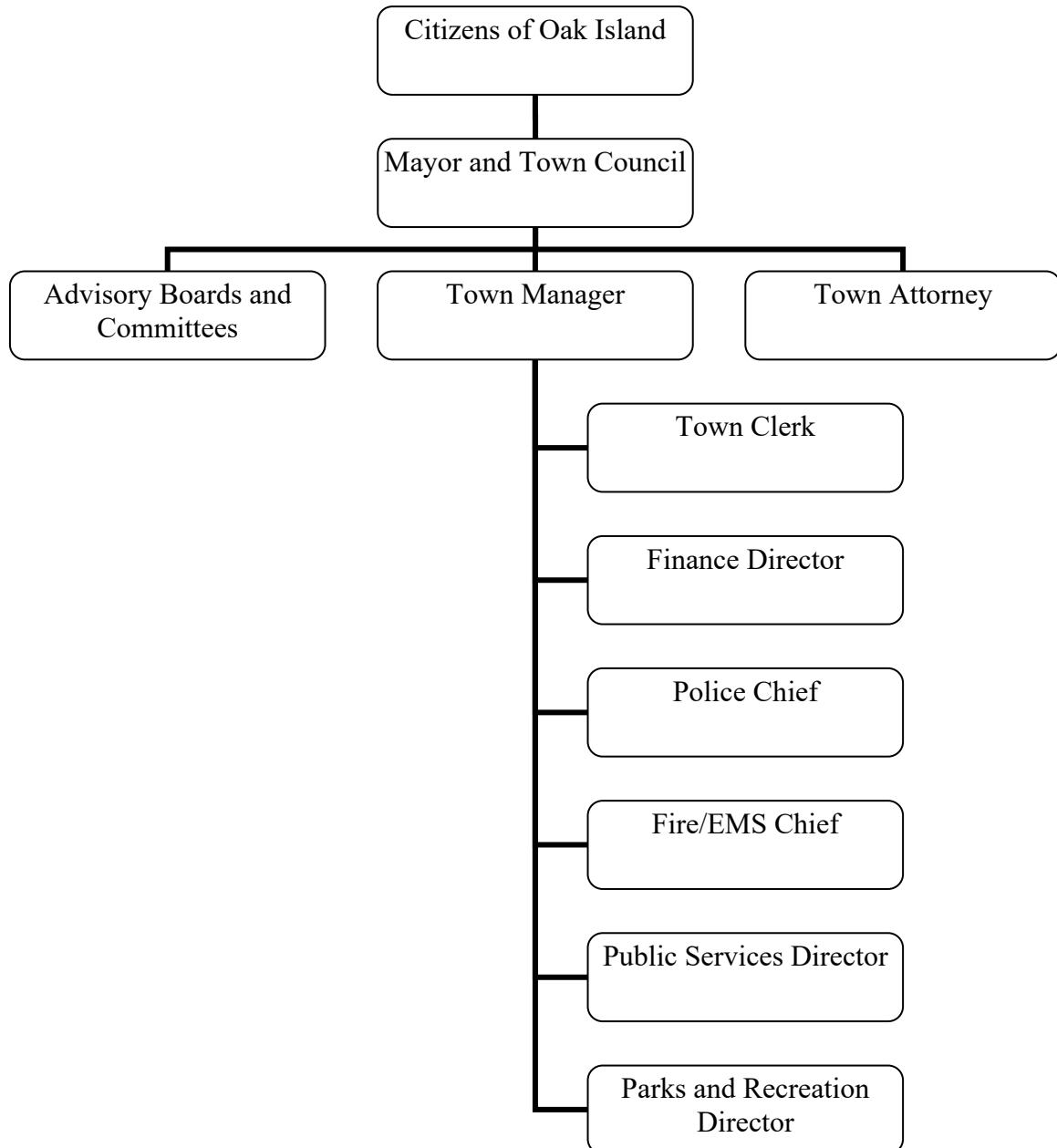
Town Officials

David Kelly	Town Manager
Lisa Stites	Town Clerk
W.L. Ingram	Chief of Police
Chris Anselmo	Fire Chief
David Hatten	Finance Director
Steve Edwards	Development Services Director
Rebecca Squires	Parks & Recreation Director
Katie Coleman	Tax Collector

Town of Oak Island, North Carolina

Organizational Chart

June 30, 2021



Independent Auditor's Report

To the Honorable Mayor
and Members of the Town Council
Oak Island, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Island ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Island ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Oak Island ABC Board were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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 opinion.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the Beach Renourishment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Oak Island, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, and other schedules and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 on our consideration of Town of Oak Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is 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 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 of Oak Island's internal control over financial reporting and compliance.

S. Preston Douglas & Associates, LLP

Whiteville, North Carolina

December 6, 2021

Management's Discussion and Analysis

Town of Oak Island, North Carolina
Management's Discussion and Analysis
June 30, 2021

Management's Discussion and Analysis

As management of the Town of Oak Island, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Oak Island for the fiscal year ending June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

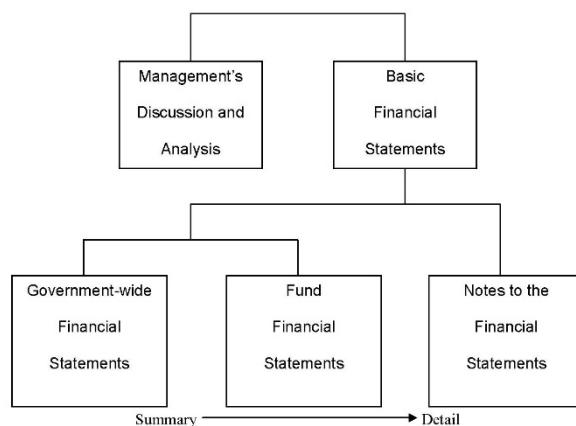
- The assets and deferred outflows of resources of the Town of Oak Island exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$103,933,129(*net position*).
- The government's total long-term liabilities decreased by \$3,688,631 during the period.
- As of the close of the current fiscal year, the Town of Oak Island's governmental funds reported combined ending fund balances of \$34,778,220 with an increase of \$6,268,869 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,273,071 or 56.29% percent of total governmental fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Oak Island's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Oak Island.

Required Components of Annual Financial Report

Figure 1



Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

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 9) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) The budgetary comparison statements, 3) The proprietary fund statements, and 4) the fiduciary fund statements.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, in a manner similar to the 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, deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component unit. The governmental activities include most of the Town's basic services such as general government, public safety, parks and recreation, and general administration. Property taxes and State shared revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and wastewater, solid waste, and storm water services offered by the Town of Oak Island as well as the South Harbour golf course activities. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

Fund Financial Statements. The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Oak Island, like all other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Oak Island can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies that are unexpended at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Oak Island adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities.

The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Town of Oak Island uses only one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Oak Island uses enterprise funds to account for its water and wastewater, solid waste, storm water, and golf course operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. The water and wastewater funds are presented as major funds for the Town, while the solid waste, storm water, and golf course funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for these non-major funds is provided in the form of combining statements elsewhere within this report.

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 can be found following the financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Oak Island's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on Exhibit A-1 of this report.

Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Interdependence with Other Entities. The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The Town of Oak Island's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 35,246,377	\$ 29,165,441	\$ 43,957,459	\$ 43,106,554	\$ 79,203,836	\$ 72,271,995
Capital assets	25,421,902	26,179,767	94,381,412	97,683,019	119,803,314	123,862,786
Total assets	60,668,279	55,345,208	138,338,871	140,789,573	199,007,150	196,134,781
Deferred outflows of resources	2,277,971	1,396,065	616,118	397,336	2,894,089	1,793,401
Total assets and deferred outflows of resources	62,946,250	56,741,273	138,954,989	141,186,909	201,901,239	197,928,182
Long-term liabilities	8,459,646	5,721,915	74,305,219	80,731,581	82,764,865	86,453,496
Other liabilities	6,821,020	2,183,299	2,414,076	4,940,724	9,235,096	7,124,023
Total liabilities	15,280,666	7,905,214	76,719,295	85,672,305	91,999,961	93,577,519
Deferred Inflows of resources	245,788	293,071	72,734	72,452	318,522	365,523
Total liabilities and deferred inflows of resources	15,526,454	8,198,285	76,792,029	85,744,757	92,318,483	93,943,042
Net position						
Net investment in capital assets	25,421,901	24,546,139	22,976,817	22,313,457	48,398,718	46,859,596
Restricted	18,358,729	12,689,439	94,189	102,427	18,452,918	12,791,866
Unrestricted	3,299,130	11,307,410	33,782,363	33,026,268	37,081,493	44,333,678
Total net position	\$ 47,079,760	\$ 48,542,988	\$ 56,853,369	\$ 55,442,152	\$ 103,933,129	\$ 103,985,140

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$103,933,129 at the close of the current fiscal year. The Town's net position decreased by \$52,011 for the fiscal year ended June 30, 2021. By far the largest portion of the Town's net position, 46.57%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Although the Town's investment in its capital assets is reported net of related debt, it should note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position, \$18,452,918 or 17.75%, represents the Town's resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$37,081,493 or 35.68% of the total.

Town of Oak Island's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,475,519	\$ 2,225,059	\$19,738,683	\$19,855,612	\$ 22,214,202	\$ 22,080,671
Operating grants and contributions	8,979,412	7,937,864	-	-	8,979,412	7,937,864
Capital grants and contributions	-	-	862,234	903,489	862,234	903,489
General revenues:						
Property taxes	9,661,854	9,423,260	-	-	9,661,854	9,423,260
Local option sales tax	2,622,914	2,106,768	-	-	2,622,914	2,106,768
Accomodations tax	3,183,708	2,026,692	-	-	3,183,708	2,026,692
Other	65,347	894,333	-	5,271	65,347	899,604
Total revenues	26,988,754	24,613,976	20,600,917	20,764,372	47,589,671	45,378,348
Expenses:						
General government	6,545,741	2,552,687	-	-	6,545,741	2,552,687
Public safety	6,239,045	6,409,380	-	-	6,239,045	6,409,380
Transportation	1,823,597	2,813,837	-	-	1,823,597	2,813,837
Environmental protection	13,048,422	1,250,147	-	-	13,048,422	1,250,147
Cultural and recreation	1,003,421	1,606,911	-	-	1,003,421	1,606,911
Tourism	-	24,070	-	-	-	24,070
Interest on long-term debt	36,756	73,513	-	-	36,756	73,513
Water	-	-	3,418,858	3,036,973	3,418,858	3,036,973
Wastewater	-	-	12,820,403	16,954,506	12,820,403	16,954,506
Non-major funds	-	-	2,705,439	2,530,365	2,705,439	2,530,365
Total expenses	28,696,982	14,730,545	18,944,700	22,521,844	47,641,682	37,252,389
Increase in net position before transfers and special item	(1,708,228)	9,883,431	1,656,217	(1,757,472)	(52,011)	8,125,959
Transfers	245,000	(296,800)	(245,000)	296,800	-	-
Increase in net position	(1,463,228)	9,586,631	1,411,217	(1,460,672)	(52,011)	8,125,959
Net position, beginning, restated	48,542,988	38,956,357	55,442,152	56,902,824	103,985,140	95,859,181
Net position - June 30	\$47,079,760	\$48,542,988	\$56,853,369	\$55,442,152	103,933,129	\$ 103,985,140

Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Governmental activities. Governmental activities decreased the Town's net position by \$1,463,228. An increase in environmental protection expenditures are the main factors in the increase in net position.

Business-type activities. The business-type activities increased the Town of Oak Island's net position. Net position of business activities increased by \$1,411,217. A decrease in expenditures was the key component of the decrease in net position.

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town's governmental funds 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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2021, the governmental funds of Town of Oak Island reported a combined fund balance of \$34,778,220 with a net increase in fund balance of \$6,268,869. Included in this change in fund balance are increases in the fund balance of the General Fund and the Town's Other Governmental Funds. The General Fund is the chief operating fund of the Town of Oak Island. At the end of the 2021 fiscal year, the fund balance for the Town of Oak Island's General Fund reached \$17,332,321. Of this, \$912,830 was restricted, \$146,420 represented non-spendable inventories and prepaid expenditures leaving an unassigned fund balance of \$16,273,071 available for spending at the Town's discretion. The Governing Body of Town of Oak Island has determined that the Town should maintain an available fund balance of no less than 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town's general fund currently has an available fund balance of 54.27% of governmental fund expenditures.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories:

1. Amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available.
2. Amendments made to recognize new funding from external sources, such as federal and State grants.
3. Increases in appropriates that become necessary to maintain services and obligations from prior years not completed.

Proprietary Funds. The Town of Oak Island's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Town's proprietary funds at the end of the fiscal year amounted to \$33,782,363. The change in net position for the Water, Wastewater and Other Enterprise Funds was \$696,673, \$691,224 and \$23,320 respectively. The change in net position in the Water Fund is a result of excess charges for service producing revenues that exceed the expenditures in the fund. Since the Water and Wastewater operations together form the Town's Enterprise System, the excess Water Fund revenues help to offset those in the Wastewater Fund for bond covenant coverage test purposes.

Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Capital Assets and Debt Administration Capital Assets

The Town of Oak Island's investments in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$119,803,113 (net of accumulated depreciation). The investments in capital assets includes land, buildings, improvements, furniture and equipment, infrastructure (including distribution systems), and vehicles.

Town of Oak Island's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and CIP	\$ 9,254,457	\$ 9,254,457	\$ 5,931,622	\$ 5,931,622	\$ 15,186,079	\$ 15,186,079
Buildings	11,295,310	11,732,900	9,894,766	10,268,841	21,190,076	22,001,741
Improvements	1,847,880	1,864,443	-	-	1,847,880	1,864,443
Motor Vehicles	450,847	694,202	246,126	142,375	696,973	836,577
Heavy Motor Vehicles	37,667	60,584	517,972	312,536	555,639	373,120
Equipment	345,689	217,338	3,325,296	3,786,701	3,670,985	4,004,039
Office Equipment	489	1,759	-	-	489	1,759
Computers and electrical equipment	35,546	76,200	-	108	35,546	76,308
Infrastructure	2,154,017	2,277,884	66,225,539	68,601,840	68,379,556	70,879,724
Intangible assets	-	-	8,240,090	8,638,996	\$ 8,240,090	\$ 8,638,996
Total capital assets, net	\$ 25,421,902	\$ 26,179,767	\$ 94,381,411	\$ 97,683,019	\$ 119,803,313	\$ 123,862,786

Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-term debt. As of June 30, 2021, the Town of Oak Island had total bonded debt outstanding of \$71,701,586. 100% of that amount represents bonds secured solely by specified revenue sources (e.g. revenue bonds.) The Town of Oak Island has no outstanding bonded debt backed by the full faith and credit of the Town.

Outstanding Liabilities

Figure 5

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment purchase	\$ -	\$ 1,633,628	\$ -	\$ -	\$ -	\$ 1,633,628
Special Obligation Bonds	8,035,153	-	-	-	8,035,153	-
Revolving loans	-	-	6,723,608	7,437,346	6,723,608	7,437,346
Revenue bonds	-	-	71,701,586	75,260,217	71,701,586	75,260,217
Compensated absences	424,493	456,889	198,246	144,706	622,739	601,595
OPEB liability	3,204,628	2,655,119	1,560,413	1,359,463	4,765,041	4,014,582
Net pension liability (LGERS)	2,563,247	1,906,716	853,663	618,294	3,416,910	2,525,010
Total pension liability	1,053,145	703,191	-	-	1,053,145	703,191
Total outstanding debt	\$ 15,280,666	\$ 7,355,543	\$ 81,037,516	\$ 84,820,026	\$ 96,318,182	\$ 92,175,569

**Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021**

North Carolina's general statutes limit the amount of general obligation debt that a governmental unit can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Oak Island is presently at \$286,940,121 (the amount of additional debt the town could obligate itself to under NC General Statute).

Additional information pertaining to the Town of Oak Island's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- The Town's issued building permits for new housing continues to be strong. The Town's tax base will continue to grow with this current building and the planned development on the mainland in the next five years. This growth will result in an increase in the amount of water, wastewater, stormwater and solid waste revenues.
- The Town continues to fully fund all debt service payments as required by North Carolina State Law.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Town management will continue to prepare budgets to maintain spending where possible. The Town anticipates the funds produced by the increase in its tax base due to the increased building and an effort to reduce expenditures will be able to fund programs currently budgeted for and to build on reserves to fund future capital or operational needs.

Business-type Activities. Management will continue to examine future rate increases for the generating of system revenues and to continue to reduce operating expenditures where feasible to enable the Town's system to maintain its services to the Town's utility customers. The Sewer District Fee for present and potential customers remained the same. This fee is to fund the debt of the Wastewater Fund.

Future Expenditures and Budget Priorities

The Town continues to plan for the implementation of a long-term Beach Nourishment Master Plan. The funding of the Beach Nourishment program will come from multiple sources including ad valorem taxes, grants, assessments, etc. As mentioned above Town Management feels that the continued building of reserves for the future is very important.

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:

David Hatten, Finance Director
Town of Oak Island
4601 E. Oak Island Drive
Oak Island, NC 28465

One can also call (910)-278-5011 or visit the Town's website at www.oakislandnc.com for more information.

Basic Financial Statements

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Net Position

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
ASSETS				
Current Assets				
Cash and Equivalent	\$ 28,658,431	\$ 32,700,239	\$ 61,358,670	\$ 541,065
Taxes Receivables, Net	348,207	-	348,207	-
Assessments Receivable	16,562	-	16,562	-
Accounts Receivable, Net	58	3,085,354	3,085,412	-
Due from Other Funds	-	-	-	-
Due From Component Unit	206,411	-	206,411	-
Inventories	18,391	696,291	714,682	150,802
Prepaid Items	128,029	2,416	130,445	12,510
Total Current Assets	29,376,089	36,484,300	65,860,389	704,377
Non-current Assets				
Restricted Cash and Cash Equivalents	5,870,288	6,440,120	12,310,408	376,628
Restricted Receivables	-	407,517	407,517	-
Accrued Interest on Restricted Assets	-	50,854	50,854	-
Prepaid Bond Insurance	-	574,668	574,668	-
Capital Assets				
Land, Non-depreciable Improvements, and Construction in Progress	9,254,458	5,931,622	15,186,080	101,178
Other Capital Assets, Net of Depreciation	16,167,444	88,449,790	104,617,234	204,447
Total Capital Assets	25,421,902	94,381,412	119,803,314	305,625
Total Non-current Assets	31,292,190	101,854,571	133,146,761	682,253
Total Assets	60,668,279	138,338,871	199,007,150	1,386,630
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	1,868,028	467,403	2,335,431	58,726
OPEB Deferrals	409,943	148,715	558,658	13,704
Total Deferred Outflows of Resources	\$ 2,277,971	\$ 616,118	\$ 2,894,089	\$ 72,430

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Net Position (Continued)

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
LIABILITIES				
Current Liabilities				
Accounts Payable and				
Accrued Expenses	\$ 314,797	\$ 625,625	\$ 940,422	\$ 192,722
Accrued Interest Payable	-	271,556	271,556	-
Customer Deposits	25,239	94,189	119,428	-
Due to Other Funds	-	-	-	-
Due to Primary Government	-	-	-	206,410
Current Portion of Long-Term Liabilities	-	4,318,221	4,318,221	-
Total Current Liabilities	340,036	5,309,591	5,649,627	399,132
Long-Term Liabilities				
Due In More Than One Year	8,459,646	74,305,219	82,764,865	-
Net Pension Liability	2,563,247	853,663	3,416,910	61,106
Total Pension Liability	1,053,145	-	1,053,145	-
OPEB Liability	3,204,628	1,560,413	4,765,041	98,185
Total Long-Term Liabilities	15,280,666	76,719,295	91,999,961	159,291
Total Liabilities	15,620,702	82,028,886	97,649,588	558,423
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	32,023	51,281	83,304	-
Pension Deferrals	57,159	1,301	58,460	-
OPEB Deferrals	156,606	20,152	176,758	15,881
Total Deferred Inflows of Resources	245,788	72,734	318,522	15,881
NET POSITION				
Net Investment in Capital Assets	25,421,901	22,976,817	48,398,718	605,625
Restricted For:				
Stabilization by State Statute	475,140	-	475,140	-
Streets	437,690	-	437,690	-
General Government	96,535			
Public Safety	-	-	-	-
Environmental Protection	17,227,878	-	17,227,878	-
Tourism	-	-	-	-
Cultural and Recreation	121,486	-	121,486	-
Other Functions	-	94,189	94,189	507,949
Unrestricted	3,299,130	33,782,363	37,081,493	71,182
Total Net Position	\$ 47,079,760	\$ 56,853,369	\$ 103,933,129	\$ 884,756

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 6,545,741	\$ 2,344,406	\$ 106,341	-	
Public Safety	6,239,045	-	1,607,660	-	
Transportation	1,823,597	-	292,656	-	
Environmental Protection	13,048,422		6,972,755		
Cultural and Recreation	1,003,421	131,113	-	-	
Tourism	-	-	-	-	
Interest on Long-Term Debt	36,756	-	-	-	
Total Governmental Activities	28,696,982	2,475,519	8,979,412	-	
Business-Type Activities:					
Water Operations	3,418,858	4,561,340	-	164,489	
Wastewater Operations	12,820,403	12,643,054	-	690,275	
Solid Waste Operations	1,482,816	1,266,316	-	7,470	
Golf Course Operations	316,765	158,715	-	-	
Stormwater Operations	467,051	664,086	-	-	
Pier Complex	438,807	445,172	-	-	
Total Business-Type Activities	18,944,700	19,738,683	-	862,234	
Total Primary Government	\$ 47,641,682	\$ 22,214,202	\$ 8,979,412	\$ 862,234	
Component Units:					
Oak Island ABC Board	\$ 4,397,529	\$ 4,447,899	\$ -	\$ -	
Total Component Units	\$ 4,397,529	\$ 4,447,899	\$ -	\$ -	

Net (Expense) Revenue and Changes in Net Position
Primary Government

Functions/Programs	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:				
Governmental Activities:				
General Government	\$ (4,094,994)	\$ -	\$ (4,094,994)	\$ -
Public Safety	(4,631,385)	- -	(4,631,385)	- -
Transportation	(1,530,941)	- -	(1,530,941)	- -
Environmental Protection	(6,075,667)	- -	(6,075,667)	- -
Cultural and Recreation	(872,308)	- -	(872,308)	- -
Tourism	- -	- -	- -	- -
Interest on Long-Term Debt	(36,756)	- -	(36,756)	- -
Total Governmental Activities	(17,242,051)	- -	(17,242,051)	- -
Business-Type Activities:				
Water Operations	- -	1,306,971	1,306,971	- -
Wastewater Operations	- -	512,926	512,926	- -
Solid Waste Operations	- -	(209,030)	(209,030)	- -
Golf Course Operations	- -	(158,050)	(158,050)	- -
Stormwater Operations	- -	197,035	197,035	- -
Pier Complex	- -	6,365	6,365	- -
Total Business-Type Activities	- -	1,656,217	1,656,217	- -
Total Primary Government	(17,242,051)	1,656,217	(15,585,834)	- -
Component Units:				
Oak Island ABC Board	- -	- -	- -	50,370
Total Component Units	\$ - -	\$ - -	\$ - -	\$ 50,370
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose	9,661,854	- -	9,661,854	- -
Local Option Sales Taxes	2,622,914	- -	2,622,914	- -
Accomodations Taxes	3,183,708	- -	3,183,708	- -
Unrestricted Investment Earnings	42,027	- -	42,027	1,085
Miscellaneous	23,320	- -	23,320	- -
Sale of Capital Assets and Materials	- -	- -	- -	- -
Total General Revenues	15,533,823	- -	15,533,823	1,085
Transfers	245,000	(245,000)	- -	- -
Total General Revenues, Special Items, and Transfers	15,778,823	(245,000)	15,533,823	1,085
Change in Net Position	(1,463,228)	1,411,217	(52,011)	51,455
Net Position Beginning Restated	48,542,988	55,442,152	103,985,140	833,301
Net Position -Ending	\$ 47,079,760	\$ 56,853,369	\$ 103,933,129	\$ 884,756

TOWN OF OAK ISLAND, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2021

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	Beach Renourishment		
ASSETS				
Cash and Cash Equivalents	\$ 13,161,990	\$ 6,735,409	\$ 8,761,032	\$ 28,658,431
Restricted Cash	3,850,135	2,020,153	-	5,870,288
Receivables (net):				-
Taxes	361,196	10,823	-	372,019
Assessments	4,656	-	-	4,656
Accounts	58	-	-	58
Due from Component Unit	206,411	-	-	206,411
Due from Other Funds	-	-	-	-
Inventories	18,391	-	-	18,391
Prepays	128,029	-	-	128,029
Total Assets	\$ 17,730,866	\$ 8,766,385	\$ 8,761,032	\$ 35,258,283
LIABILITIES				
Accounts Payable	244,102	50,000	20,695	314,797
Due to Other Funds	-	-	-	-
Customer Deposits	25,239	-	-	25,239
Total Liabilities	269,341	50,000	20,695	340,036
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	32,023	-	-	32,023
Property Taxes Receivable	97,181	10,823	-	108,004
Total Deferred Inflows of Resources	129,204	10,823	-	140,027
FUND BALANCES				
Non Spendable				
Inventories	18,391	-	-	18,391
Prepays	128,029	-	-	128,029
Restricted:				
Stabilization by State Statute	475,140	-	-	475,140
Streets - Powell Bill	437,690	-	-	437,690
General Government	-	-	96,535	96,535
Public Safety	-	-	-	-
Environmental Protection	-	8,705,562	8,522,316	17,227,878
Tourism	-	-	-	-
Cultural and Recreation	-	-	121,486	121,486
Assigned				-
Subsequent Year's Expenditures	-	-	-	-
Unassigned:	16,273,071	-	-	16,273,071
Total Fund Balances	17,332,321	8,705,562	8,740,337	34,778,220
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,730,866	\$ 8,766,385	\$ 8,761,032	\$ 35,258,283

TOWN OF OAK ISLAND, NORTH CAROLINA**Balance Sheet****Governmental Funds**

June 30, 2021

	Total Governmental Funds
<hr/>	
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total Fund Balance, Governmental Funds	\$ 34,778,220
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Gross capital assets at historical cost	40,854,395
Accumulated depreciation	(15,432,493) 25,421,902
 Deferred outflows of resources related to pensions are not reported in the funds	
	1,868,028
Deferred outflows of resources related to OPEB are not reported in the funds	409,943
Earned revenues considered deferred inflows of resources in fund statements	96,098
 Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Special Obligation Bonds	(8,035,153)
Compensated absences payable	(424,493)
OPEB Liability	(3,204,628)
Net Pension Liability	(2,563,247)
Total Pension Liability	(1,053,145) (15,280,666)
Deferred inflows of resources related to pensions are not reported in the funds	(57,159)
Deferred inflows of resources related to OPEB are not reported in the funds	(156,606)
 Net Position of Governmental Activities	\$ 47,079,760

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2021

	Major Funds			
	General	Beach Renourishment	Total Non-Major Funds	Total Governmental Funds
Revenues				
Ad Valorem Taxes	\$ 8,370,253	\$ 1,274,620	\$ -	\$ 9,644,873
Other Taxes and Licenses	2,622,914		3,183,708	5,806,622
Unrestricted Intergovernmental	1,472,070	-	-	1,472,070
Restricted Intergovernmental	2,646,091	6,240,078	106,341	8,992,510
Permits and Fees	858,885	-	-	858,885
Sales and Services	131,113	-	-	131,113
Investment Earnings	42,027	-	-	42,027
Miscellaneous	19,270	4,050	-	23,320
Total Revenues	16,162,623	7,518,748	3,290,049	26,971,420
Expenditures				
Current:				
General Government	6,172,434	-	80,481	6,252,915
Public Safety	5,542,950	-	-	5,542,950
Transportation	1,694,458	-	-	1,694,458
Environmental Protection		12,982,427	65,995	13,048,422
Tourism	-	-	-	-
Cultural and Recreational	744,324		29,251	773,575
Debt Service:				
Principal	1,633,628	-	-	1,633,628
Interest and Other Charges	36,756	-	-	36,756
Total Expenditures	15,824,550	12,982,427	175,727	28,982,704
Excess (Deficiency) of Revenues Over Expenditures	338,073	(5,463,679)	3,114,322	(2,011,284)
Other Financing Sources (Uses)				
Transfers from Other Funds	462,000	928,109	-	1,390,109
Transfers to Other Funds	(217,000)	-	(928,109)	(1,145,109)
Sales of Capital Assets	-	-	-	-
Special Obligation Bonds Issued	-	8,035,153	-	8,035,153
Total Other Financing Sources (Uses)	245,000	8,963,262	(928,109)	8,280,153
Net Change in Fund Balance	583,073	3,499,583	2,186,213	6,268,869
Fund Balance - Beginning	16,749,248	5,205,979	6,554,124	28,509,351
Net Change in Fund Balance	583,073	3,499,583	2,186,213	6,268,869
Fund Balance - Ending	\$ 17,332,321	\$ 8,705,562	\$ 8,740,337	\$ 34,778,220

TOWN OF OAK ISLAND, NORTH CAROLINA**Statement of Revenues, Expenditures, and Changes in Fund Balances**
Governmental Funds
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds \$ 6,268,869

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the assets' estimated lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 315,929
Depreciation expense for governmental assets	(1,073,794) (757,865)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 529,867

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities 30,552

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities 136,422

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in unavailable revenue for property tax revenues 17,334

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long term debt issued	(8,035,153)
Principal payments on long-term debt	1,633,628

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	32,396
Pension Expense LGERS	(883,521)
Pension Expense LEOSSA	(122,229)
OPEB plan expense	(313,528) (1,286,882)

Change in net position of governmental activities \$ (1,463,228)

TOWN OF OAK ISLAND, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2021

General Fund					
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Positive (Negative)
Revenues					
Ad Valorem Taxes	\$ 7,313,417	\$ 7,397,417	\$ 8,370,253	\$ 972,836	
Other Taxes and Licenses	2,034,114	2,034,114	2,622,914	588,800	
Unrestricted Intergovernmental	861,699	861,699	1,472,070	610,371	
Restricted Intergovernmental	1,881,564	1,881,564	2,646,091	764,527	
Permits and Fees	505,400	505,400	858,885	353,485	
Sales and Services	127,600	131,100	131,113	13	
Investment Earnings	55,000	100,000	42,027	(57,973)	
Miscellaneous	21,102	19,000	19,270	270	
Total Revenues	12,799,896	12,930,294	16,162,623	3,232,329	
Expenditures					
Current					
General Government	2,448,118	6,199,618	6,172,434	27,184	
Public Safety	5,733,210	5,805,269	5,542,950	262,319	
Transportation	2,375,402	2,375,402	1,694,458	680,944	
Cultural and Recreation	845,960	986,858	744,324	242,534	
Debt Service					
Principal	1,633,628	1,633,628	1,633,628	-	
Interest and Other Charges	36,756	36,756	36,756	-	
Contingency	-	-	-	-	
Total Expenditures	13,073,074	17,037,531	15,824,550	1,212,981	
Revenues Over (Under) Expenditures	(273,178)	(4,107,237)	338,073	4,445,310	
Other Financing Sources (Uses)					
Transfers from Other Funds	-	462,000	462,000	-	
Transfers to Other Funds	(230,275)	(489,975)	(217,000)	272,975	
Sales of Capital Assets	-	-	-	-	
Sales of Materials	-	-	-	-	
Total Other Financing Sources (Uses)	\$ (230,275)	\$ (27,975)	\$ 245,000	\$ 272,975	
Fund Balance Appropriated	503,453	4,135,212	-	4,135,212	
Net Change in Fund Balance	-	-	583,073	583,073	
Fund Balance - Beginning of Year			14,192,432		
Net Change in Fund Balance	\$ -	\$ -	\$ 583,073	\$ 583,073	
Fund Balance - End of Year			14,775,505		
A legally adopted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:					
Fund Balance - Beginning of Year			2,556,816		
Fund Balance - End of Year			\$ 17,332,321		

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

TOWN OF OAK ISLAND, NORTH CAROLINA

Major Special Revenue Fund - Beach Renourishment Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Fiscal Year Ended June 30, 2021

Beach Renourishment Fund					
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Positive (Negative)
Revenues					
Ad Valorem Taxes	\$ 1,119,077	\$ 1,119,077	\$ 1,274,620	\$ 155,543	
Restricted Intergovernmental	-	-	6,240,078	6,240,078	
Miscellaneous	10,000	10,000	4,050	(5,950)	
Total Revenues	1,129,077	1,129,077	7,518,748	6,389,671	
Expenditures					
Current					
Environmental Protection	1,697,890	17,167,750	12,982,427	4,185,323	
Total Expenditures	1,697,890	17,167,750	12,982,427	4,185,323	
Revenues Over (Under) Expenditures	(568,813)	(16,038,673)	(5,463,679)	10,574,994	
Other Financing Sources (Uses)					
Transfers from Other Funds	928,109	5,170,439	928,109	(4,242,330)	
Special Obligation Bonds Issued	-	8,035,153	8,035,153	-	
Total Other Financing Sources (Uses)	928,109	13,205,592	8,963,262	(4,242,330)	
Appropriated Fund Balance	359,296	2,833,081	-	2,833,081	
Net Change in Fund Balance	\$ -	\$ -	3,499,583	\$ 3,499,583	
Fund Balance - Beginning of Year			5,205,979		
Fund Balance - End of Year			\$ 8,705,562		

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Funds

June 30, 2021

	Major Funds		Non-Major Funds		Total	
			Other			
	Water Fund	Wastewater Fund	Enterprise Funds			
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 17,776,012	\$ 14,478,003	\$ 446,224	\$ 32,700,239		
Accounts Receivables (net):	1,047,810	1,722,730	314,814	3,085,354		
Inventories	195,343	486,924	14,024	696,291		
Prepaid Items	-	-	2,416	2,416		
Total Current Assets	19,019,165	16,687,657	777,478	36,484,300		
Non-Current Assets						
Restricted Assets						
Cash and Cash Equivalents	94,189	6,345,931	-	6,440,120		
Assessments Receivables (net):	-	250,830	-	250,830		
Sewer District Fees Receivable (net)	-	156,687	-	156,687		
Accrued Interest Receivable	-	50,854	-	50,854		
Total Restricted Assets	94,189	6,804,302	-	6,898,491		
Other Assets						
Prepaid Bond Insurance Costs	-	574,668	-	574,668		
Capital Assets						
Land and Construction in Progress	145,068	3,304,611	2,481,943	5,931,622		
Other Capital Assets, Net of						
Depreciation	4,386,181	83,039,178	1,024,431	88,449,790		
Capital Assets	4,531,249	86,343,789	3,506,374	94,381,412		
Total Non-Current Assets	4,625,438	93,722,759	3,506,374	101,854,571		
TOTAL ASSETS	23,644,603	110,410,416	4,283,852	138,338,871		
DEFERRED OUTFLOWS OF RESOURCES						
Pension Deferrals	148,947	186,647	131,809	467,403		
OPEB Deferrals	-	86,377	62,338	148,715		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 148,947	\$ 273,024	\$ 194,147	\$ 616,118		

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Funds

June 30, 2021

	Major Funds		Non-Major Funds		Total	
			Other			
	Water Fund	Wastewater Fund	Enterprise Funds			
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 131,748	\$ 237,053	\$ 199,018	\$ 567,819		
Salaries Payable	19,705	19,258	18,843	57,806		
Accrued Interest Payable	-	271,556	-	271,556		
Due to Other Funds	-	-	-	-		
Customer Deposits	94,189	-	-	94,189		
Compensated Absences Payable, Current	53,143	89,517	55,586	198,246		
Revenue Notes Payable, Current	-	729,975	-	729,975		
Revenue Bonds Payable, Current	-	3,390,000	-	3,390,000		
Total Current Liabilities	<u>298,785</u>	<u>4,737,359</u>	<u>273,447</u>	<u>5,309,591</u>		
Non-current Liabilities						
Other Postemployment Benefits	639,808	476,720	443,885	1,560,413		
Net Pension Liability	273,775	351,414	228,474	853,663		
Revenue Notes Payable, Non-current	-	5,993,633	-	5,993,633		
Revenue Bonds Payable, Non-current	-	68,311,586	-	68,311,586		
Total Non-Current Liabilities	<u>913,583</u>	<u>75,133,353</u>	<u>672,359</u>	<u>76,719,295</u>		
TOTAL LIABILITIES	1,212,368	79,870,712	945,806	82,028,886		
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue	51,281	-	-	51,281		
Pension Deferrals	112	277	912	1,301		
OPEB Deferrals	-	7,913	12,239	20,152		
TOTAL DEFERRED INFLOWS OF RESOURCES	51,393	8,190	13,151	72,734		
NET POSITION						
Net Investment in Capital Assets	4,531,249	14,939,194	3,506,374	22,976,817		
Restricted Customer Deposits	94,189	-	-	94,189		
Unrestricted	17,904,351	15,865,344	12,668	33,782,363		
NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ 22,529,789	\$ 30,804,538	\$ 3,519,042	\$ 56,853,369		

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2021

	Major Funds		Non-Major Funds	
	Water Fund	Wastewater Fund	Other Enterprise Funds	Total
Revenues				
Charges for Services	\$ 4,184,725	\$ 12,643,054	\$ 2,534,289	\$ 19,362,068
Other Operating Revenues	376,615	-	-	376,615
Total Operating Revenues	4,561,340	12,643,054	2,534,289	19,738,683
Operating Expenses				
Administration	306,125	-	468,419	774,544
Water Purchases	1,285,351	-	-	1,285,351
Waste Collection and Treatment	-	6,110,489	1,434,057	7,544,546
Maintenance	1,551,261	-	133,300	1,684,561
Other Operating	-	-	534,345	534,345
Depreciation	276,121	3,617,910	135,318	4,029,349
Total Operating Expenses	3,418,858	9,728,399	2,705,439	15,852,696
Operating Income (Loss)	1,142,482	2,914,655	(171,150)	3,885,987
Non-Operating Revenues (Expenses)				
Investment Earnings	-	-	-	-
Assessment Interest	-	9,192	-	9,192
System Development Fees	164,489	681,083	-	845,572
Interest and Other Charges	-	(3,092,004)	-	(3,092,004)
Sale of Capital Assets	-	-	-	-
Total Non-Operating Revenues (Expenses)	164,489	(2,401,729)	-	(2,237,240)
Income (Loss) Before Contributions and Transfers	1,306,971	512,926	(171,150)	1,648,747
Capital Contributions	-	-	7,470	7,470
Transfers In	-	444,298	217,000	661,298
Transfers Out	(610,298)	(266,000)	(30,000)	(906,298)
Change in Net Position	696,673	691,224	23,320	1,411,217
Net Position- Beginning	21,833,116	30,113,314	3,495,722	55,442,152
Total Net Position - Ending	\$ 22,529,789	\$ 30,804,538	\$ 3,519,042	\$ 56,853,369

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TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Cash Flows-Proprietary Funds

For the Year Ended June 30, 2021

	Major Enterprise Funds		Non-Major	
	Water	Wastewater	Enterprise	
	Fund	Fund	Funds	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 4,186,018	\$ 12,653,674	\$ 2,508,930	\$ 19,348,622
Cash Paid for Goods and Services	(2,283,379)	(4,180,734)	(1,630,653)	(8,094,766)
Cash Paid to Employees	(757,523)	(959,348)	(799,393)	(2,516,264)
Customer Deposits Received	51,049	-	-	51,049
Customer Deposits Returned	(59,287)	-	-	(59,287)
Other Operating Revenue	376,615	-	-	376,615
Net Cash Provided by (Used in)				
Operating Activities	<u>1,513,493</u>	<u>7,513,592</u>	<u>78,884</u>	<u>9,105,969</u>
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	-	-	-	-
Sale of Materials	-	-	-	-
Transfers from Other Funds	-	444,298	217,000	661,298
Transfers to Other Funds	(610,298)	(266,000)	(30,000)	(906,298)
Net Cash Provided by (Used in) Noncapital				
Financing Activities	<u>(610,298)</u>	<u>178,298</u>	<u>187,000</u>	<u>(245,000)</u>
Cash Flows from Capital and Related				
Financing Activities				
Acquisition and Construction of Capital Assets	(110,505)	(342,503)	(274,733)	(727,741)
Proceeds from Sale of Capital Assets	-	-	-	-
Principal Paid on Debt	-	(3,973,739)	-	(3,973,739)
Interest and Other Charges	-	(3,428,285)	-	(3,428,285)
Sewer Assessment Interest	-	9,192	-	9,192
Contributions	164,489	47,398	7,470	219,357
Net Cash Used by Capital and Related				
Financing Activities	<u>53,984</u>	<u>(7,687,937)</u>	<u>(267,263)</u>	<u>(7,901,216)</u>
Cash Flows Provided by Investing Activities				
Interest on Investments	-	-	-	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and				
Cash Equivalents	<u>957,179</u>	<u>3,953</u>	<u>(1,379)</u>	<u>959,753</u>
Cash and Cash Equivalents -July 1				
	<u>16,913,022</u>	<u>20,819,981</u>	<u>447,603</u>	<u>38,180,606</u>
Cash and Cash Equivalents - June 30	<u><u>\$ 17,870,201</u></u>	<u><u>\$ 20,823,934</u></u>	<u><u>\$ 446,224</u></u>	<u><u>\$ 39,140,359</u></u>

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Cash Flows-Proprietary Funds

For the Year Ended June 30, 2021

	Major Enterprise Funds	Non-Major Enterprise Funds	Total
	Water Fund	Wastewater Fund	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 1,142,482	\$ 2,914,655	\$ (171,150)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	276,121	4,234,494	135,317
Changes in Assets and Liabilities			4,645,932
(Increase) Decrease in:			
Receivables	(6,166)	10,620	(20,592)
Inventory	52,799	100,092	4,951
Prepaid Items	-	-	4,317
Deferred Outflows of Resources for Pensions	(25,508)	(48,650)	(22,952)
Deferred Outflows of Resources for OPEB	-	(74,463)	(57,948)
Increase (Decrease) in:			(132,411)
Net Pension Liability	83,781	100,178	51,410
Deferred Inflows of Resources for Pensions	(930)	(1,143)	(162)
Deferred Inflows of Resources for OPEB	-	(4,001)	(941)
Accounts Payable	(22,814)	173,062	27,946
Customer Deposits	(8,238)	-	-
Unearned Revenue	7,459	-	-
Accrued Wages	1,633	(5,376)	1,195
Accrued Vacation Pay	12,874	19,933	20,734
OPEB Liability	-	94,191	106,759
Total Adjustments	371,011	4,598,937	250,034
Net Cash Provided by (Used in) Operating Activities	\$ 1,513,493	\$ 7,513,592	\$ 78,884
			\$ 9,105,969

TOWN OF OAK ISLAND, NORTH CAROLINA

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Oak Island and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Oak Island is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Oak Island ABC Board

The Town of Oak Island ABC Board is a municipal corporation, which is governed by a Board appointed by the town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The Town of Oak Island ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Town may be obtained from the entity's administrative offices at Oak Island ABC Board, 5402 East Oak Island Drive, Oak Island, NC 28465.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including the fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants and various other taxes and licenses. The primary expenditures are for administration, police, inspections, and parks and recreation. Additionally, the Town has legally adopted Capital Reserve Fund. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve fund has been included in the supplemental information.

The Town reports the following non-major governmental funds:

Beach Renourishment Special Revenue Fund. This fund is used to account for the continued environmental protection projects for our beaches

Accommodations Tax Special Revenue Fund. This fund is used to account for part of the accommodations tax revenues that are restricted for use for a particular purpose.

Beach Tax Special Revenue Fund. This fund was developed after a Council approved split of the Accommodations tax fund and is used to account for the restricted tax revenues for beach re-nourishment.

Beach Preservation Special Revenue Fund. This fund is used to account for the donations that are restricted for publicizing and preserving the beach.

Pier Project Capital Projects Fund. This fund is used to account for the rebuilding of the Oak Island pier.

COVID-19 Fund. This fund is used to account for the grant contributions and expenses associated with COVID-19 issues and preparations.

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water fund operations.

Wastewater Fund. This fund is used to account for the Town's wastewater operations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Town reports the following non-major enterprise funds:

Solid Waste Fund. This fund is used to account for the Town's solid waste operations.

South Harbour Golf Course Fund. This fund is used to account for the Town's maintenance and operation of the golf course.

Sewer District Fee Fund. This fund is used to account for fees charged for the availability of sewer service. These fees can only be used for payment of debt of the wastewater system. The Sewer District Fee Fund is consolidated with the Wastewater Fund for presentation purposes.

Storm Water Fund. This fund is used to account for fees charged for the Town's storm water operations.

Pier Complex Fund. This fund is used to account for the Town's maintenance and operation of the pier complex.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's general ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 shared revenue for the Town of Oak Island because the tax is levied by Brunswick County and then remitted to and distributed by the State. Most Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions 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.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund, Accommodations Tax Fund, Beach Preservation Fund, Beach Tax Fund, Pier Project Fund, Water Fund, Wastewater Fund, Solid Waste Fund, South Harbour Golf Course Fund, Stormwater Fund, and Sewer District Fee Fund. All annual appropriations lapse at the fiscal year-end. Project budget ordinances are adopted for the Capital Project funds. The Wastewater Capital Project Fund and the Sewer District Fee Fund are consolidated with the Wastewater Fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager is authorized to transfer appropriations within a fund as he sees necessary; however, the governing board must approve any revisions that alter the total expenditures of any fund or change functional appropriations by more than \$1,000. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board 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 and the ABC Board 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 and the ABC Board'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. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Certain proceeds of the Town's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. As a part of the 2011 Series, 2015 Series, and 2017 Series Enterprise System Bond issuances, the Town established funds that could be drawn from as an assurance of the system's ability to meet annual debt payments. Those funds are held in special accounts that may be only used for this purpose should system revenues not be adequate to provide for the payments. These accounts are designated Debt Service Reserve accounts. Additionally, there are Interest Accounts where the interest drawn on these reserve accounts is deposited. The earnings in these accounts offset a portion of the interest expense associated with the related bond's next scheduled debt service payment. Customer deposits in the held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per NC G.S. 136-41.1 through 136-41-4.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

3. Restricted Assets (Continued)

Town of Oak Island's Restricted Cash

Governmental Activities

General Fund	Streets	\$ 756,319
	Capital Reserve	3,093,816
Beach Renourishment Fund	Unexpended Bond revenue	2,020,153
Total Governmental Activities		<u>\$ 5,870,288</u>

Business-type Activities

Water Fund	Customer Deposits	\$ 25,239
Wastewater Fund	Unexpended Bond Revenue	<u>6,414,881</u>
Total Business-type Activities		<u>\$ 6,440,120</u>
Total Restricted Cash		<u>\$ 12,310,408</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. 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. Allowances 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's general and enterprise funds consist of expendable supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased. The cost of these inventories is expensed when sold rather when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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. General infrastructure assets acquired prior to July 1, 2003, consisting mainly of road networks, are not reported, because the Town is a Phase III town under GASB 34, and is not required to report those assets. 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	Estimated Useful Lives
Infrastructure	30
Utility Systems I	40
Utility Systems II	50
Utility Systems III	60
Buildings	40
Improvements	10-25
Motor Vehicles	5
Heavy Motor Vehicles	10
Computer and Electric Equipment	5
Office Equipment	10
Equipment	10
Intangible Assets	30

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

7. Capital Assets (Continued)

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings	30-40
Furniture and Equipment	5-10
Paving	15

The Town and ABC Board evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the Town are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the Town are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the impairment loss.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town currently has two items that meet this criterion, contributions made to the pension plan in the 2018 fiscal year and OPEB benefits paid. 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 then. The town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, prepaid assessments, assessments receivable, and pension deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

9. Long-Term Obligations (Continued)

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of both the Town and the ABC Board provides for the accumulation of up to two hundred forty (240) hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of compiling accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Both the Town and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]. 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. This calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what 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 is restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepays 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 sheet.

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

Restricted for Cultural and Recreation – portion of fund balance that is restricted by revenue source for certain cultural and recreation related purposes. This amount represents the balance of funds restricted by donors for beach preservation as well as the pier project.

Restricted for Environmental Protection – portion of fund balance that is restricted by revenue source for certain environmental protection related purposes. This amount represents the balance of funds restricted for beach re-nourishment.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Oak Island’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Capital Projects - portion of fund balance committed by Town Council for certain capital project related purposes. This amount represents the balance in the legally budgeted capital reserve fund.

Committed for Transportation – portion of fund balance committed by Town Council for upcoming vehicle purchases.

Assigned Fund balance – portion of fund balance that the Town of Oak Island intends to use for specific purposes.

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

The Town of Oak Island has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond 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 by 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.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Oak Island’s employer contributions are recognized when due and the Town of Oak Island has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

None

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board 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 or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board 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 and the ABC Board have no formal policy regarding custodial risk for deposits but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$62,787,667 and a bank balance of \$63,089,374. 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 funds totaled \$2,010. The carrying amount of deposits for the ABC Board was \$916,193 and the bank balance was \$1,145,372. Of the bank balance, \$360,992 was covered by federal depository insurance and the remainder was maintained in institutions collateralizing deposits using the pooling method. At June 30, 2021, the ABC Board's cash on hand totaled \$1,500.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Cash and Cash Equivalents

The Town and the ABC Board have no formal policy regarding credit risk. At June 30, 2021 the Town's investment balances were as follows:

Investments by Type	Valuation Measurement	Book Value at 6/30/2021	Maturity	Rating
	Method			
NC Capital Management Trust - Government Portfolio	Market	\$ 2,512,159	N/A	AAAm
US Bank	Market	\$ 6,345,931	N/A	AAAm
Total:		\$ 8,858,090		

All investments were measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

3. Receivables - Allowances for Doubtful Accounts (Continued)

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes Receivable	10,456
Total General Fund	<u>10,456</u>
Enterprise Funds:	
Water Fund -Accounts Receivable	81,534
Wastewater Fund:	
Accounts Receivable	77,798
Sewer District Fees	1,051
Stormwater Fund	23
Solid Waste Fund	30,236
Total Enterprise Funds	<u>190,642</u>
Total	\$ <u>201,098</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

Governmental activities:	Beginning			Ending	
	Balances	Increases	Decreases	Balances	
Capital assets not being depreciated:					
Land	\$ 9,254,457	\$ -	\$ -	\$ 9,254,457	
Construction in progress	-	-	-	-	
Total capital assets not being depreciated	<u>9,254,457</u>	-	-	<u>9,254,457</u>	
Capital assets being depreciated:					
Buildings	17,151,211	-	-	17,151,211	
Motor vehicles	2,294,532	-	-	2,294,532	
Heavy motor vehicles	2,148,051	-	-	2,148,051	
Equipment	1,455,410	178,658	-	1,634,068	
Office equipment	177,840	-	-	177,840	
Other structures/improvements	3,519,548	137,271	-	3,656,819	
Computers/electrical equipment	815,648	-	-	815,648	
Infrastructure	3,721,770	-	-	3,721,770	
Total capital assets being depreciated:	<u>31,284,010</u>	<u>315,929</u>	-	<u>31,599,939</u>	
Less accumulated depreciation for:					
Buildings	5,418,311	437,590	-	5,855,901	
Motor vehicles	1,600,330	243,355	-	1,843,685	
Heavy motor vehicles	2,087,467	22,917	-	2,110,384	
Equipment	1,238,072	50,307	-	1,288,379	
Office equipment	176,081	1,270	-	177,351	
Other structures/improvements	1,655,105	153,834	-	1,808,939	
Computers/electrical equipment	739,448	40,654	-	780,102	
Infrastructure	1,443,886	123,867	-	1,567,753	
Total accumulated depreciation	<u>14,358,700</u>	<u>1,073,794</u>	-	<u>15,432,494</u>	
Total capital assets being depreciated, net	<u>17,117,084</u>			<u>16,167,445</u>	
Governmental activities capital assets, net	<u>\$ 26,371,541</u>			<u>\$ 25,421,902</u>	

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

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

General government	\$ 290,781
Public safety	539,067
Transportation	50,313
Cultural and recreational	193,633
Total depreciation expense	\$ 1,073,794

Business-type activities:	Beginning			Ending	
	Balances	Increases	Decreases	Balances	
<i>Water Fund</i>					
Capital assets not being depreciated:					
Land	\$ 145,068	\$ -	\$ -	\$ 145,068	
Construction in progress	-	-	-	-	
Total capital assets not being depreciated	145,068			145,068	
Capital assets being depreciated:					
Buildings	134,596	-	-	134,596	
Motor vehicles	346,918	110,505	-	457,423	
Equipment	3,139,868	-	-	3,139,868	
Computers/electrical equipment	93,727	-	-	93,727	
Utility systems I	1,973,903	-	-	1,973,903	
Utility systems III	4,631,870	-	-	4,631,870	
Total capital assets being depreciated:	10,320,882	110,505		10,431,387	
Less accumulated depreciation for:					
Buildings	83,989	2,197	-	86,186	
Motor vehicles	298,504	17,432	-	315,936	
Equipment	636,032	154,532	-	790,564	
Computers/electrical equipment	93,619	-	-	93,619	
Utility systems I	1,351,174	42,281	-	1,393,455	
Utility systems III	3,305,767	59,679	-	3,365,446	
Total accumulated depreciation	5,769,085	276,121		6,045,206	
Total capital assets being depreciated, net	4,551,797			4,386,181	
Water Fund capital assets, net	\$ 4,696,865			\$ 4,531,249	

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances			Ending Balances
		Increases	Decreases	
Business-type activities:				
<i>Wastewater Fund</i>				
Capital assets not being depreciated:				
Land	\$ 3,304,611	\$ -	\$ -	\$ 3,304,611
Future treatment rights	285,397	-	-	285,397
Construction in progress	-	-	-	-
Total capital assets not being depreciated	3,590,008	-	-	3,590,008
Capital assets being depreciated:				
Buildings	13,295,744	-	-	13,295,744
Motor vehicles	197,705	41,773	-	239,478
Heavy motor vehicles	180,711	-	-	180,711
Equipment	8,908,632	300,730	-	9,209,362
Utility systems I	27,067	-	-	27,067
Utility systems II	85,306,065	-	-	85,306,065
Intangible assets	11,961,437	-	-	11,961,437
Total capital assets being depreciated:	119,877,361	342,503	-	120,219,864
Less accumulated depreciation for:				
Buildings	3,208,848	353,128	-	3,561,976
Motor vehicles	132,816	22,554	-	155,370
Heavy motor vehicles	180,711	-	-	180,711
Equipment	7,791,144	571,080	-	8,362,224
Utility systems I	12,371	-	-	12,371
Utility systems II	18,914,445	2,272,242	-	21,186,687
Intangible assets	3,607,838	398,906	-	4,006,744
Total accumulated depreciation	33,848,173	3,617,910	-	37,466,083
Total capital assets being depreciated, net	86,029,188			82,753,781
Wastewater Fund capital assets, net	\$ 89,619,196			\$ 86,343,789

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances			Ending Balances
		Increases	Decreases	
Business-type activities:				
<i>Stormwater Fund</i>				
Capital assets being depreciated:				
Buildings	\$ -	\$ -	\$ -	\$ -
Motor vehicles	45,906	-	-	45,906
Heavy motor vehicles	173,751	116,152	-	289,903
Equipment	253,476	-	-	253,476
Infrastructure	37,154	-	-	37,154
Total capital assets being depreciated:	510,287	116,152	-	626,439
Less accumulated depreciation for:				
Buildings	-	-	-	-
Motor vehicles	19,867	5,896	-	25,763
Heavy motor vehicles	62,261	23,183	-	85,444
Equipment	159,567	18,242	-	177,809
Infrastructure	12,902	1,238	-	14,140
Total accumulated depreciation	254,597	48,559	-	303,156
Total capital assets being depreciated, net	255,690			323,283
Stormwater Fund capital assets, net	\$ 255,690			\$ 323,283
	Beginning Balances			Ending Balances
<i>Solid Waste Fund</i>				
Capital assets being depreciated:				
Buildings	\$ 5,304	\$ -	\$ -	\$ 5,304
Motor vehicles	23,250	-	-	23,250
Heavy motor vehicles	999,138	158,581	-	1,157,719
Total capital assets being depreciated:	1,027,692	158,581	-	1,186,273
Less accumulated depreciation for:				
Buildings	5,303	-	-	5,303
Motor vehicles	20,217	2,645	-	22,862
Heavy motor vehicles	798,092	46,113	-	844,206
Total accumulated depreciation	823,612	48,758	-	872,371
Total capital assets being depreciated, net	204,080			313,902
Solid Waste Fund capital assets, net	\$ 204,080			\$ 313,902

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances			Ending Balances
		Increases	Decreases	
Business-type activities:				
<i>South Harbor Golf Course Fund</i>				
Capital assets not being depreciated:				
Land	\$ 1,404,610	\$ -	\$ -	\$ 1,404,610
Total capital assets not being depreciated				1,404,610
Capital assets being depreciated:				
Buildings	98,205	-	-	98,205
Equipment	170,849	-	-	170,849
Total capital assets being depreciated:				269,054
Less accumulated depreciation for:				
Buildings	30,689	2,455	-	33,144
Equipment	117,038	15,260	-	132,298
Total accumulated depreciation				147,727
Total capital assets being depreciated, net				121,327
SHGC Fund capital assets, net	\$ 1,525,937			\$ 1,508,222

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances			Decreases	Ending Balances
Business-type activities:					
<i>Pier Complex Fund</i>					
Capital assets not being depreciated:					
Land	\$ 1,077,333	\$ -	\$ -	\$ -	\$ 1,077,333
Total capital assets not being depreciated	<u>1,077,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,333</u>
Capital assets being depreciated:					
Buildings	216,383	-	-	-	216,383
Equipment	32,504	-	-	-	32,504
Infrastructure	483,051	-	-	-	483,051
Total capital assets being depreciated:	<u>731,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,938</u>
Less accumulated depreciation for:					
Buildings	152,562	16,295	-	-	168,857
Equipment	14,847	3,129	-	-	17,976
Infrastructure	260,611	861	-	-	261,472
Total accumulated depreciation	<u>428,020</u>	<u>20,285</u>	<u>-</u>	<u>-</u>	<u>448,305</u>
Total capital assets being depreciated, net	<u>303,918</u>				<u>283,633</u>
Pier Complex Fund capital assets, net	<u>\$ 1,381,251</u>				<u>\$ 1,360,966</u>
Business-type activities capital assets, net	<u>\$ 93,237,689</u>				<u>\$ 94,381,411</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2021 was as follows:

	Beginning			Ending	
	Balances	Increases	Decreases	Balances	
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 101,178	\$ -	\$ -	\$ 101,178	
Total capital assets not being depreciated	<u>101,178</u>	-	-	<u>101,178</u>	
Capital assets being depreciated:					
Buildings	330,523	-	-	330,523	
Other improvements	15,000			15,000	
Equipment and furniture	165,719	11,978	51,824	125,873	
Total capital assets being depreciated:	<u>511,242</u>	<u>11,978</u>	<u>51,824</u>	<u>471,396</u>	
Less accumulated depreciation for:					
Buildings	157,683	8,263	-	165,946	
Other improvements	15,000	-	-	15,000	
Equipment and furniture	127,977	9,850	51,824	86,003	
Total accumulated depreciation	<u>300,660</u>	<u>18,113</u>	<u>51,824</u>	<u>266,949</u>	
Total capital assets being depreciated, net	<u>210,582</u>			<u>204,447</u>	
ABC Board capital assets, net	\$ 311,760			\$ 305,625	

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan and Post Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Oak Island and the ABC Board is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (CAFR) for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Oak Island employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Oak Island's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.23% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Oak Island were \$714,093 for the year ended June 30, 2021.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a liability of \$3,416,910 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was .09562%, which was an increase of 0.00316% from its proportion measured as of June 30, 2019.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

For the year ended June 30, 2021, the Town recognized pension expense of \$1,191,020. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 431,496	\$ -
Changes of assumptions	254,285	-
Net difference between projected and actual earnings on pension plan investments	480,839	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	91,579	2,726
Town contributions subsequent to the measurement date	<u>714,093</u>	-
Total	<u>\$ 1,972,292</u>	<u>\$ 2,726</u>

\$714,093 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 358,298
2023	469,888
2024	284,982
2025	142,304
2026	-
Thereafter	-
	<u>\$ 1,255,472</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 6,932,538	\$ 3,416,910	\$ 495,176

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Oak Island administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five years or more of credible service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	22
Total	24

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$30,048 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a total pension liability of \$1,053,145. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$122,229.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,127	\$ 39,184
Changes of assumptions and other inputs	262,012	16,550
Benefit payments and plan administrative		
expenses made subsequent to the measurement date	-	-
Total	\$ 363,139	\$ 55,734

No amount was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	68,666
2023	69,515
2024	48,681
2025	45,095
2026	50,299
Thereafter	25,149

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 1,141,310	\$ 1,053,145	\$ 972,054

**Town of Oak Island, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021**

	2021
Beginning balance	\$ 703,191
Service Cost	30,625
Interest on the total pension liability	22,434
Changes of benefit terms	-
Differences between expected and actual experience	49,420
in the measurement of the total pension liability	277,523
Changes of assumptions or other inputs	(30,048)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,053,145</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,191,020	\$ 122,229	\$ 1,313,249
Pension Liability	3,412,910	1,053,145	4,466,055
Proportionate share of the net pension liability	0.09562	n/a	0.09562
Deferred Outflows of Resources			
Differences between expected and actual experience	431,496	101,127	532,623
Changes of assumptions	254,285	262,012	516,297
Net difference between projected and actual earnings on plan investments	480,839	-	480,839
Changes in proportion and differences between contributions and proportionate share of contributions	91,579	-	91,579
Benefit payments and administrative costs paid subsequent to the measurement date	714,093	30,048	744,141
Deferred Inflows of Resources			
Differences between expected and actual experience	-	39,184	39,184
Changes of assumptions	-	16,550	16,550
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,726	-	2,726

c. *Supplemental Retirement Income Plan for Law Enforcement Officers*

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may also make voluntary contributions to the plan. In addition, the Town has elected to match up to two percent of the contributions made by the employees not engaged in law enforcement to the Supplemental Retirement Income Plan.

Contributions for the year ended June 30, 2021 were \$257,859 which consisted of \$188,150 for general employees the Town and \$69,708 for the law enforcement officers. No amounts were forfeited.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

d. Other Postemployment Benefit

1. Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the Town.

Prior to July 1, 2007, employees qualified for similar level benefits after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. Employees hired on or after July 1, 2007 who retire with a minimum of 20 years of creditable service also have the option of purchasing coverage for themselves and dependents at the Town's group rate. Employees hired on or after July 1, 2007 who retire with less than 20 years of service are not eligible for postemployment benefit coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

An employee who has a minimum of fifteen years in the North Carolina Local Government Employees Retirement System ("NCLGERS"), and a minimum of five years of creditable service to the Town, and are fifty-five years of age or older may continue health insurance with the Town until age sixty-five. The retiree shall share the cost of coverage at the rate of 5% for every year of service to the NCLGERS below twenty-five years. Medicare supplemental insurance shall be offered to retirees sixty-five or older who meet the above criteria with all costs being borne by the retiree. Continuation of coverage for the retiree's spouse or family may be allowed until the retiree reaches age sixty-five, provided all costs are borne by the retiree.

An employee retiring from the Town of Oak Island who has a minimum of twenty-five years in the NCLGERS, a minimum five years of creditable service with the Town and who is fifty years of age or older, may continue health insurance coverage with the Town until age sixty-five at no cost to the retiree. Medicare supplemental insurance shall be offered to retirees sixty-five or older who meet the above criteria with all costs being borne by the retiree. Continuation of coverage for the retiree's spouse or family shall be available until the retiree reaches age sixty-five, provided all costs are borne by the retiree.

An employee retiring from the Town of Oak Island who has five continuous years of service with the Town, and thirty continuous years of service to the NCLGERS, regardless of age, may continue health insurance coverage with the Town until age sixty-five at no cost to the retiree. Medicare supplemental insurance shall be offered to retirees sixty-five or older who meet the above criteria with all costs being borne by the retiree. Continuation of coverage for the retiree's spouse or family may be allowed until the retiree reaches age sixty-five, provided all costs are borne by the retiree.

Under either of the above, service with the Town of Long Beach or Town of Yaupon Beach will qualify as service to the Town of Oak Island. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

d. Other Postemployment Benefit (Continued)

1. Healthcare Benefits (Continued)

Membership in the HCB Plan consisted of the following at June 30, 2019 the date of the latest actuarial valuation

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	6	2
Terminated plan members entitled to, but not yet receiving benefits	-	-
Active plan members	108	22
Total	114	24

Total OPEB Liability

The Town's total OPEB liability of \$4,765,041 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary Increases	3.5 percent, average, including inflation and
Discount Rate	2.21 percent
Health Care Cost Trend Rates	7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

d. Other Postemployment Benefit (Continued)

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 4,014,582
Service Cost	232,627
Interest	146,043
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(10,244)
Changes of assumptions or other inputs	532,407
Benefit payments	<u>(150,374)</u>
Net changes	750,459
Balance at June 30, 2020	<u>\$ 4,765,041</u>

Changes in assumptions and other inputs reflect no change since prior measurement date.

Mortality rates were based on the RP-2014 mortality tables, with adjustment for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Board's total OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 5,230,444	\$ 4,765,041	\$ 4,345,978

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

d. *Other Post-Employment Benefits (Continued)*

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 3,576,226	\$ 4,014,582	\$ 4,536,550

For the year ended June 30, 2021, the Town recognized OPEB expense of \$414,567. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,884	\$ 9,090
Changes of assumptions and other inputs	524,774	167,668
Benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
Total	<u>\$ 558,658</u>	<u>\$ 176,758</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30:	
2022	35,897
2023	35,897
2024	35,897
2025	42,836
2026	65,379
Thereafter	165,994

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employers who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources on the Statement of Net Position is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 714,093
Benefit payments made and administrative expenses for LEOSSA	-
Benefit payments made and administrative expenses for OPEB	-
Differences between expected and actual experience	566,507
Changes of assumptions and other inputs	1,041,071
Net difference between projected and actual earnings	480,839
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>91,579</u>
Total	<u>\$ 2,894,089</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Liabilities (Continued)

3. Deferred Outflows and Inflows of Resources of Resources (continued)

The balance in deferred inflows of resources is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid Taxes (General Fund)	\$ 32,023	\$ 32,023
Prepaid Assessments (Water and Water Sewer Fund)	51,281	
Taxes receivable, less penalties (General Fund and Beach Renourishment Fund)	-	108,004
Changes in assumptions	206,852	-
Differences between expected and actual experience	25,640	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Total	<u>2,726</u>	<u>-</u>
	<u>\$ 318,522</u>	<u>\$ 140,027</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 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 workers' compensation in excess of \$1,000,000 and property in excess of \$500,000. 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.

The Town provides health, dental, vision and life insurance through a commercial vendor. Employee health claims are insured to with no lifetime limit. Employees can provide dependent if desired.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Program ("NFIP") for Town Hall. Town Hall was required to obtain flood insurance as part of their installment purchase agreement. The Town does not feel that additional flood insurance is necessary because the danger of flooding as defined by the insurance companies is low.

In accordance with G.S. 159-29 the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are bonded for \$100,000 and \$50,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Liabilities (Continued)

4. Risk Management (Continued)

The Town of Oak Island ABC Board 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 ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. 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.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town was a defendant to the following claims and lawsuits. In the opinion of the Town's management and the Town Attorney, the ultimate effect of these legal matters could possibly have a material adverse effect on the Town's financial position.

1) ***CFL Homes v Town of Oak Island.*** This is a class action suit against the Town concerning the Town's collection of "impact fees" (water and sewer capacity or impact fees). The Town settled this suit via total payment of \$1,350,000.00 to the class members and their attorneys on October 15, 2021.

B. Liabilities (Continued)

6. Long-Term Obligations

a. Installment Purchases

The Town has entered into various installment purchase contracts to finance the acquisition and renovation of various land and facilities which have all been satisfied as of June 30, 2021.

b. Special Obligation Bonds

On May 14, 2021 the Town has entered into a \$8,035,153 fixed rate special obligation bond which will be used to bridge the timing difference between construction costs incurred and receipt of reimbursement from FEMA funds held at the North Carolina Emergency Management Fund and from the State of North Carolina related to the Hurricane Matthew Beach Renourishment Project. The bonds will initially bear interest of 1.68% where interest will be due quarterly and computed on a 30/360 day basis for 12 months.

Annual debt service payments of the special obligation bonds as of June 30, 2021, including \$133,384 of interest, are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2021	8,035,153	133,384
Total	\$ 8,035,153	\$ 133,384

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. *Revolving Loans*

In January 2008, the Town entered into a \$9,000,000 revolving loan from the North Carolina Department of Environment and Natural Resources for a sanitary sewer project. The revolving loan requires bi-annual interest payments due on November 1 and May 1 and an annual principal payment due on May 1; interest is at 2.10%. Through June 30, 2013 the Town had drawn \$7,525,146. The period for withdrawals has expired and there will be no future withdrawals.

Additionally, in March 2009, the Town was approved for a second revolving loan from the North Carolina Department of Environment and Natural Resources in the amount of \$8,500,000 for a sanitary sewer project. The revolving loan requires bi-annual interest payments due on November 1 and May 1 and an annual principal payment due on May 1; interest is at 2.48%. Through June 30, 2013 the Town had drawn \$6,579,167. The period for withdrawals has expired and there will be no future withdrawals.

Annual debt service payments of the revolving loans as of June 30, 2021, including \$754,458 of interest, are as follows:

Years Ending June 30:	Business-type Activities	
	Principal	Interest
2022	729,975	153,906
2023	746,582	137,299
2024	763,570	120,311
2025	780,947	102,934
2026-2030	3,702,534	240,008
Total	\$ 6,723,608	\$ 754,458

c. *Revenue Bonds*

\$38,715,000 Enterprise System Bonds, series 2015, net of \$3,452,605 issuance premium issued for wastewater system improvements. Principal installments are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate of 2.25% to 5.00%. 40,218,497

\$30,620,000 Enterprise System Bonds, series 2017, net of \$2,472,612 issuance premium issued for wastewater system improvements. Principal installments are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate of 3.00% to 5.00%. 31,483,089

\$ 71,701,586

The future payments of the revenue bonds are as follows:

Years Ending June 30:	Principal	Interest
2022	3,718,630	2,949,819
2023	3,888,630	2,780,319
2024	4,068,630	2,602,319
2025	4,248,630	2,415,319
2026	4,448,630	2,219,519
2027-2031	25,183,150	8,132,682
2032-2036	26,145,286	2,843,495
Total	\$ 71,701,586	\$ 23,943,472

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. *Revenue Bonds (Continued)*

The Town has been in compliance with the covenants as to rates, fees, rental, and charges in Section 704 of the Bond Order, authorizing the issuance of the Enterprise System Bonds, Series 2008A, 2009, 2011, 2015, and 2017. Section 704(A) of the Bond Order requires the sum of (i) Income available for debt service for such fiscal year and (ii) 15% of the balance in the Revenue Fund as of the last day of the preceding fiscal year will not be less than the sum of (1) 120% of the long-term debt service requirement for parity indebtedness for such fiscal year and (2) 100% of the long-term debt service requirement for subordinated indebtedness, System G.O. indebtedness and System Other Indebtedness for such fiscal year. Section 704(B) requires income available for debt service for such fiscal year will not be less than 100% of the long-term debt service requirement for parity indebtedness, subordinated indebtedness, System G.O. indebtedness and System Other Indebtedness for such fiscal year.

The debt service coverage calculation for the year ended June 30, 2021 is as follows:

Operating and Non-operating Revenues	\$ 10,601,096
Sewer District Fee	6,992,560
Sewer Assessment Revenue	<u>109,132</u>
Total Revenues*	17,702,788
Current Expenses**	(9,234,533)
Income Available for Debt Service	<u>8,468,255</u>
15% of the Balance of the Revenue Fund	<u>4,655,378</u>
Total	<u>13,123,633</u>
100% of the Long Term Debt Service requirement for parity indebtedness, subordinated indebtedness, System G.O. indebtedness, and System Other Indebtedness for 2020.	7,225,287
Additional 20% of the Long Term Debt Service Requirement for Parity Indebtedness for 2020.	<u>1,268,282</u>
Total	<u>\$ 8,493,569</u>
Coverage Test 704(a)	1.49
Coverage Test 704(b)	1.11

*In accordance with the Revenue Bond trust agreement assessment revenues shall be included in revenues if and to the extent specified in the Officer's Certificate filed in such fiscal year. In the current year \$109,132 in assessment revenue was included.

*Per rate covenants, this does not include depreciation expense of \$3,894,031.

** Per rate covenants, this does not include revenue bond interest expense of \$3,281,548.

The Town has pledged future water and wastewater customer revenues, net of specified current expenses, to repay \$71,701,586 in water and wastewater revenue bonds issued in July 2015 and February 2017. Proceeds from the bonds provided financing for the extension to the wastewater system to the entire island. The bonds are payable solely from water and wastewater income available for debt service and are payable through 2036. The total principal and interest remaining to be paid on the bonds, net of issuance premium, is \$95,645,058. Principal and interest paid for the current year was \$7,225,287. Section 706 (b) of the Bond Order requires that the amount held by the Trustee be reported in the audit report.

TOWN OF OAK ISLAND, NORTH CAROLINA
 Notes to the Financial Statements (Continued)
 For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. *Revenue Bonds (Continued)*

At June 30, 2021 US Bank and North Carolina Cash Management Trust as Trustees for the Town of Oak Island held the following deposits:

Enterprise Systems Bonds, Series 2015 Special Reserve Account	3,562,000
Enterprise Systems Bonds, Series 2017 Special Reserve Account	2,783,931
Total on deposit with trustee	<u>\$ 6,345,931</u>

d. *Changes in Long-Term Liabilities*

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Installment purchase	\$ 1,633,628	\$ -	\$ (1,633,628)	\$ -	\$ -
Special obligation bond	8,035,153	-	-	8,035,153	-
Compensated absences	456,889		(32,396)	424,493	-
Other postemployment benefits	2,655,119	549,509	-	3,204,628	-
Net pension liability (LGERS)	1,906,716	656,531	-	2,563,247	-
Total Pension Liability	703,191	349,954	-	1,053,145	-
Governmental activity					
long-term liabilities	<u>\$ 7,355,543</u>	<u>\$ 1,555,994</u>	<u>\$ (1,666,024)</u>	<u>\$ 15,280,666</u>	<u>\$ -</u>
Business-type activities:					
State revolving loan	7,437,346	-	(713,738)	6,723,608	729,975
Revenue bonds	75,260,217	-	(3,558,631)	71,701,586	3,390,000
Compensated absences	144,706	53,540	-	198,246	-
Other postemployment benefits	1,359,463	200,950	-	1,560,413	-
Net pension liability (LGERS)	618,294	235,369	-	853,663	-
Business-type activities					
long-term liabilities	<u>\$ 84,820,026</u>	<u>\$ 489,859</u>	<u>\$ (4,272,369)</u>	<u>\$ 81,037,516</u>	<u>\$ 4,119,975</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021, consist if the following:

From the General Fund to the Solid Waste Fund	\$ 152,000
From the General Fund to the South Harbour Golf Course Fund	65,000
From the General Fund to the Capital Reserve Fund	75,000
From the Accomodations Fund to the Beach Renourishment Fund	551,709
From the Beach Tax Fund to the Beach Beach Renourishment Fund	376,400
From the Watewater Fund to the Capital Reserve Fund	266,000
From the Water Fund to the Wastewater Fund	444,298
From the Water Fund to the Capital Reserve Fund	166,000
From the Stormwater Fund to the Capital Reserve Fund	30,000
From the Sewer District Fund to the Wastewater Fund	<u>6,312,000</u>
Total	<u>\$ 8,438,407</u>

Transfers are used to move unrestricted revenues to finance various programs and projects that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

During the 2021 fiscal year, the Town made a one-time transfer from the General Fund to the Solid Waste Fund of \$152,000 to assist with maintenance and operations.

During the 2021 fiscal year, the Town made a one-time transfer from the General Fund to the South Harbour Golf Course Fund of \$65,000 to assist with the funding of the maintenance of the Golf Course.

During the 2021 fiscal year, the Town made transfers of \$75,000 from the General Fund to the Capital Reserve Fund for future capital outlay.

During the 2021 fiscal year, the Town made a one-time transfer from the Accommodations Tax Fund to the Beach Renourishment Fund of \$551,709 to assist with beach renourishment costs caused by various Hurricanes.

During the 2021 fiscal year, the Town made a one-time transfer from the Beach Tax Fund to the Beach Renourishment Fund of \$376,400 to assist with beach renourishment costs caused by various Hurricanes.

During the 2021 fiscal year, the Town made transfers of \$266,000 from the Wastewater Fund to the Capital Reserve Fund for future capital outlay.

During the 2021 fiscal year, the Town made a one-time transfer from the Water Fund to the Wastewater Fund of \$444,298 to assist in the funding of the debt service of the Wastewater Fund.

During the 2021 fiscal year, the Town made transfers of \$166,000 from the Water Fund to the Capital Reserve Fund for future capital outlay.

During the 2021 fiscal year, the Town made transfers of \$30,000 from the Stormwater Fund to the Capital Reserve Fund for future capital outlay.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity (Continued)

During the 2021 fiscal year, the Town made a one-time transfer from the Sewer District Fund to the Wastewater Fund of \$6,312,000 to assist in the funding of the debt service of the Wastewater Fund.

D. 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	\$ 17,332,321
Less:	
Inventories	18,391
Prepays	128,029
Stabilization by State Statute	433,211
Streets-Powell Bill	437,690
Appropriated Fund Balance in 2020 budget	-
Remaining Fund Balance	\$ 16,315,000

IV. JOINTLY GOVERNED ORGANIZATION

A. Cape Fear Council of Governments

The Town in Conjunction with four counties and forty other municipalities established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$1,605 to the Council during the fiscal year ended June 30, 2021. Complete financial information for the Council can be obtained from the Council's administrative offices at 1480 Harbour Drive, Wilmington, NC 28401.

B. Brunswick County Airport Commission

The Town in conjunction with Brunswick County and the Town of Southport established the Brunswick County Airport Commission. The purpose of the Commission is to acquire land, establish, construct, own, control, lease, equip, improve, maintain, operate, and regulate airports or landing fields within the County, to provide and maintain an airport facility for the use of the general aviation public and to promote the economic development of Brunswick County. The Town of Oak Island appoints two members and the Town of Southport appoints one member to the Commission while Brunswick County appoints a total of four. The Town is not obligated to furnish any funds to the Commission, but in the past has made contributions, during the year ended June 30, 2021, the Town made no contributions to the Commission. The participating governments do not have any equity interest in the Commissions, so no equity interest has been reflected in the Town's financial statements at June 30, 2021. Complete financial information for the Airport Commission can be obtained at the airport's administrative offices at 380 Long Beach Road, Southport, NC 28461.

TOWN OF OAK ISLAND, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021

IV. JOINTLY GOVERNED ORGANIZATION (Continued)

C. West Brunswick Regional Water Reclamation Facility

The Facility is owned, operated and maintained by Brunswick County, The Town of Oak Island, Town of Holden Beach, Town of Shallotte and the County have entered into a wastewater service agreement for a portion of the treatment capacity in the plant. Currently the Town of Oak Island is allocated treatment of three million gallons per day. Each participant is charged capacity service fees based on their share of capacity in the plant. Participants are also charged treatment service fees based on their share of capacity in the plant, Participants are also charged treatment service fees based on metered flow they send to the plant. The participant fees and costs allocation to the County for their flow are combined so that the operating and maintenance costs of the plant are recovered by county retail revenues and participant service fees on a proportional and breakeven basis. Each participant can appoint one representative and one alternate to an Oversight Committee. This committee makes budget and operating recommendations to the County Commissioners. During the year ended June 30, 2021 the Town of Oak Island recorded \$2,807,199 in capacity fees and \$694,445 in service fees to Brunswick County.

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VI. SUBSEQUENT EVENTS

Events occurring after June 30, 2021 were evaluated by management on December 6, 2021 to ensure that any subsequent events that met the criteria for recognition and or disclosure in these financial statements have been included. In management's opinion the only subsequent event was the settlement of the following class action lawsuit. 1) ***CFL Homes v Town of Oak Island***. This is a class action suit against the Town concerning the Town's collection of "impact fees" (water and sewer capacity or impact fees). The Town settled this suit via total payment of \$1,350,000.00 to the class members and their attorneys on October 15, 2021.

***Required Supplementary
Financial Data***

TOWN OF OAK ISLAND, NORTH CAROLINA

Town of Oak Island's Proportionate Share of Net Pension Liability (Asset)

Required Supplementary Information

Last Seven Fiscal Years*

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015
Oak Island's Proportion of the Net Pension Liability (Asset) (%)	0.09562%	0.09246%	0.08801%	0.08645%	0.08699%	0.09498%	0.09820%
Oak Island's Proportion of the Net Pension Liability (Asset) (\$)	\$ 3,416,910	\$ 2,525,010	\$ 2,087,901	\$ 1,320,717	\$ 1,846,219	\$ 426,265	\$ (579,307)
Oak Island's Covered-Employee Payroll	\$ 6,736,735	\$ 6,312,651	\$ 5,743,021	\$ 5,266,305	\$ 5,453,950	\$ 5,142,211	\$ 4,448,635
Oak Island's Proportion Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	50.72%	40.00%	36.36%	25.08%	33.85%	8.29%	-13.02%
Plan fiduciary Net Position as a Percentage of the Total Pension/Liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

Additional years' information will be presented as it becomes available.

**This percentage is the same for all participant employers in the LGERS plan.

TOWN OF OAK ISLAND, NORTH CAROLINA

Town of Oak Island's Contributions

Required Supplementary Information

Last Seven Fiscal Years

Local Government Employee's Retirement System

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 714,093	\$ 606,649	\$ 502,111	\$ 444,399	\$ 397,390	\$ 372,877	\$ 367,082
Contributions in Relation to the Contractually Required Contribution	714,093	606,649	502,111	444,399	397,390	371,073	380,603
Contribution Deficiency (Excess)	-	-	-	-	-	1,804	(13,521)
Oak Island's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	\$ 6,884,317	\$ 6,736,735	\$ 6,312,651	\$ 5,743,021	\$ 5,266,305	\$ 5,453,950	\$ 5,142,211
	10.37%	9.01%	7.95%	7.74%	7.55%	6.80%	7.40%

TOWN OF OAK ISLAND, NORTH CAROLINA**Schedule of Changes in Total Pension Liability****Law Enforcement Officer's Special Separation Allowance**

June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 703,191	\$ 724,322	\$ 682,477	\$ 519,423	\$ 518,458
Service Cost	30,625	27,677	30,143	27,560	26,520
Interest on the total pension liability	22,434	25,716	21,002	19,651	17,963
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	49,420	(59,124)	52,430	95,673	-
Changes of assumptions or other inputs	277,523	20,290	(26,040)	40,811	(12,934)
Benefit payments	(30,048)	(35,690)	(35,690)	(20,641)	(30,584)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	\$ 1,053,145	\$ 703,191	\$ 724,322	\$ 682,477	\$ 519,423

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Law Enforcement Officer's Special Separation Allowance

June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 1,053,145	\$ 703,191	\$ 724,322	\$ 682,477	\$ 519,423
Covered payroll	1,434,610	1,375,358	1,256,034	1,168,794	1,083,115
Total pension liability as a percentage of covered payroll	73.41%	51.13%	57.67%	58.39%	47.96%

Notes to the schedules:

Town of Oak Island has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 to pay related benefits.

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2021

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 232,627	\$ 178,525	\$ 184,147	\$ 198,295
Interest	146,043	142,463	129,385	111,618
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(10,244)	37,311	8,969	(146)
Changes of assumptions or other inputs	532,407	73,552	(117,515)	(198,451)
Benefit payments	(150,374)	(157,625)	(196,375)	(174,331)
Net Change in total OPEB liability	<u>750,459</u>	<u>274,226</u>	<u>8,611</u>	<u>(63,015)</u>
Total OPEB liability-beginning	<u>4,014,582</u>	<u>3,740,356</u>	<u>3,731,745</u>	<u>3,794,760</u>
Total OPEB liability-ending	<u>4,765,041</u>	<u>4,014,582</u>	<u>3,740,356</u>	<u>3,731,745</u>
 Covered payroll	 \$ 6,033,368	 \$ 6,033,368	 \$ 4,408,979	 \$ 4,408,979
Total OPEB liability as a percentage of covered payroll	78.98%	66.54%	84.83%	84.64%

Notes to Schedule

Changes of assumptions: Changes of assumption and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.18%

Individual Fund Statements and Schedules
Governmental Funds

TOWN OF OAK ISLAND, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Current Year		\$ 7,960,462	
Prior Years		38,069	
Motor Vehicle Tax		334,752	
Penalties and Interest		36,970	
Total Ad Valorem Taxes	\$ 7,397,417	8,370,253	\$ 972,836
Other Taxes and Licenses			
Local Option Sales Tax			
1%		1,044,293	
1/2% 40		544,256	
1/2% 42		540,754	
1/2% 44		493,611	
Total Other Taxes and Licenses	2,034,114	2,622,914	588,800
Unrestricted Intergovernmental			
Utility Franchise Tax		767,167	
Beer and Wine Tax		33,784	
Telecommunications Tax		15,641	
Video Programming Revenue		139,057	
ABC Profit Distribution		516,421	
Total Unrestricted Intergovernmental	861,699	1,472,070	610,371
Restricted Intergovernmental			
NC Control Substance Tax Distribution		10,820	
Brunswick County Fire District Fees		1,596,840	
State Street Aid Allocation		292,656	
FEMA Reimbursement		723,142	
CAMA Reimbursement		9,535	
Veterans Park Brick Donations		3,420	
NCDOT Mowing Agreement		7,178	
Brunswick Arts Council Grant		2,500	
Total Restricted Intergovernmental	1,881,564	2,646,091	764,527
Permits and Fees			
Homeowners Recovery Fund		3,765	
Building Permits		512,607	
Inspection Fees		171,204	
Other Permits and Fees		171,309	
Total Permits and Fees	\$ 505,400	\$ 858,885	353,485

TOWN OF OAK ISLAND, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Sales and Services			
Recreation Department Fees	\$	\$ 87,045	\$
Summer Concert Series Sponsorships		26,200	
Fire Service Fees		-	
Weight Room Fees		15,147	
Merchandising		604	
Mosquito Control		2,117	
Total Sales and Services	131,100	131,113	13
Investment Earnings			
General Fund		42,027	-
Total Investment Earnings	100,000	42,027	(57,973)
Miscellaneous			
Donations		250	
Insurance Reimbursement		2,020	
Miscellaneous		17,000	
Total Miscellaneous	19,000	19,270	270
Total Revenues	12,930,294	16,162,623	3,232,329
Expenditures			
Governing Board			
Salaries and Wages		45,600	
Employee Benefits		3,104	
Operating Expenditures		150,742	
Donations:			
Brunswick Family Assistance		1,700	
Chamber of Commerce		4,250	
Oak Island Senior Citizens		559	
Sea Biscuit Wildlife Shelter		2,550	
Oak Island Water Rescue		22,450	
Brunswick County Airport		17,000	
Total Governing Board	\$ 263,295	\$ 247,955	\$ 15,340

TOWN OF OAK ISLAND, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Administration			
Salaries and Wages	\$	\$ 830,518	\$
Employee Benefits		330,349	
Operating Expenditures		552,363	
Hurricane Isaias Repairs		3,736,323	
Capital Outlay		112,232	
Total Administration	5,585,526	5,561,785	23,741
Facilities Management			
Salaries and Wages		91,634	
Employee Benefits		40,427	
Operating Expenditures		225,684	
Capital Outlay		4,953	
Total Facilities Management	350,797	362,698	(11,901)
Total General Government	6,199,618	6,172,438	27,180
Public Safety			
Police			
Salaries and Wages		1,435,868	
Employee Benefits		590,058	
Operating Expenditures		347,313	
Capital Outlay		139,362	
Total Police	2,689,781	2,512,601	177,180
Fire			
Salaries and Wages		1,267,417	
Employee Benefits		456,402	
Operating Expenditures		433,657	
Capital Outlay		59,380	
Total Fire	2,293,119	2,216,856	76,263
Developmental Services			
Salaries and Wages		550,019	
Employee Benefits		226,651	
Operating Expenditures		36,823	
Capital Outlay		-	
Total Developmental Services	822,369	813,493	8,876
Total Public Safety	\$ 5,805,269	\$ 5,542,950	\$ 262,319

TOWN OF OAK ISLAND, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Transportation			
Public Works			
Administration			
Salaries and Wages	\$	\$ 123,637	\$
Employee Benefits		55,896	
Operating Expenditures		15,967	
Total Administration, Public Works	209,292	195,500	13,792
Operations			
Salaries and Wages		195,490	
Employee Benefits		77,744	
Operating Expenditures		440,448	
Capital Outlay		-	
Total Operations, Public Works	694,559	713,682	(19,123)
Street Repair and Construction			
Salaries and Wages		323,185	
Employee Benefits		130,439	
Operating Expenditures		157,661	
Total Street Repair and Construction	1,280,240	611,285	668,955
Fleet Maintenance			
Salaries and Wages		108,101	
Employee Benefits		41,922	
Operating Expenditures		23,968	
Total Fleet Maintenance	191,311	173,991	17,320
Total Transportation	2,375,402	1,694,458	680,944
Cultural and Recreation			
Recreation			
Salaries and Wages		263,446	
Employee Benefits		120,649	
Operating Expenditures		258,395	
Capital Outlay		-	
Total Recreation	\$ 840,792	\$ 642,490	\$ 198,302

TOWN OF OAK ISLAND, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Community Resource Center			
Salaries and Wages	\$ 73,353	\$ 26,879	
Employee Benefits			26,879
Operating Expenditures			1,602
Total Community Resource Center	146,066	101,834	44,232
Total Cultural and Recreation	986,858	744,324	242,534
Debt Service			
Principal	1,633,628	1,633,628	-
Interest and Fees	36,756	36,756	-
Total Debt Service	1,670,384	1,670,384	-
Total Expenditures	17,037,531	15,824,554	1,212,977
Revenues Over (Under) Expenditures	(4,107,237)	338,069	\$ 4,445,306
Other Financing Sources (Uses)			
Transfers to Other Funds			
Capital Reserve Fund	(75,000)	(75,000)	-
Solid Waste	(152,000)	(152,000)	-
Pier Complex	(27,456)	-	27,456
South Harbour Golf Course Fund	(150,819)	(65,000)	85,819
Total Other Financing Sources (Uses)	(405,275)	(292,000)	113,275
Appropriated Fund Balance	4,512,512	-	4,512,512
Net Change in Fund Balance	\$ -	46,069	\$ 46,069
Fund Balance - Beginning of Year			14,192,432
Fund Balance - End of Year			\$ 14,238,501

TOWN OF OAK ISLAND, NORTH CAROLINA

Capital Reserve Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
 Other Financing Sources (Uses)			
Appropriated Fund Balance	(377,300)	-	377,300
Transfer from Other Funds	537,000	537,000	-
Transfer to Other Funds	(159,700)	-	159,700
Total Other Financing Sources (Uses)	<u>-</u>	<u>537,000</u>	<u>537,000</u>
 Revenues and Other Financing Sources			
Over (Under) Expenditures	\$ -	537,000	\$ 537,000
 Fund Balance - Beginning of Year		<u>2,556,816</u>	
Fund Balance - End of Year	<u>\$</u>	<u>3,093,816</u>	

Note: This fund is budgeted separately, but is consolidated in the General Fund for reporting purposes

TOWN OF OAK ISLAND, NORTH CAROLINA

Special Revenue-Beach Renourishment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
CSDM Beach Renourishment Grant		6,240,078	
Other Taxes and Licenses			
Restricted Ad Valorem Tax Receipts		1,274,620	
Other Operating Revenues			
Parking Citations		4,050	
Total Revenues	1,129,077	7,518,748	6,389,671
Expenditures			
Environmental Protection			
Engineering- Oak Island Master Plan		204,020	
Engineering- FEMA Turtle Restoration		160,082	
Engineering- Turtle Habitat Sand Project		11,550,092	
Lockwood Folly Inlet Dredging		654,379	
Engineering Hurricane Florence		279,201	
Contract Services		118,376	
Legal and Court Costs		16,277	
Total Environmental Protection	17,167,750	12,982,427	4,185,323
Total Expenditures	17,167,750	12,982,427	4,185,323
Revenues Over (Under)			
Expenditures	(16,038,673)	(5,463,679)	10,574,994
Other Financing Sources (Uses)			
Transfers from Other Funds			
Beach Tax Fund		376,400	
Accommodations Tax Fund		551,709	
Special Obligation Bonds Issued		8,035,153	
Total Other Financing Sources (Uses)	13,205,592	8,963,262	4,242,330
Appropriated Fund Balance	2,833,081	-	2,833,081
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	3,499,583	\$ 3,499,583
Fund Balance Beginning of the Year		5,205,979	
Fund Balance End of the Year	\$ 8,705,562		

TOWN OF OAK ISLAND, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

	Accommodations Tax Fund	Beach Tax Fund	Pier Project Fund	COVID 19 Fund	Total Other Governmental Special Revenue Funds
Assets					
Cash and Cash Equivalents	\$ 6,440,040	\$ 2,102,971	\$ 121,486	\$ 96,535	\$ 8,761,032
Total Assets	6,440,040	2,102,971	121,486	96,535	8,761,032
Liabilities					
Accounts Payable	4,457	16,238	-	-	20,695
Total Liabilities	4,457	16,238	-	-	20,695
Fund Balances					
Restricted					
General Government	-	-	-	96,535	96,535
Environmental Protection	6,435,583	2,086,733	-	-	8,522,316
Cultural and Recreation	-	-	121,486	-	121,486
Total Fund Balances	6,435,583	2,086,733	121,486	96,535	8,740,337
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,440,040	\$ 2,102,971	\$ 121,486	\$ 96,535	\$ 8,761,032

TOWN OF OAK ISLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

	Accommodations Tax Fund	Beach Tax Fund	Pier Project Fund	COVID 19 Fund	Total Other Governmental Special Revenue Funds
Revenues					
Other Taxes and Licenses	\$ 1,910,371	\$ 1,273,337	\$ -	\$ -	\$ 3,183,708
Restricted Intergovernmental	-	-	-	106,341	106,341
Miscellaneous	-	-	-	-	-
Total Revenues	1,910,371	1,273,337	-	106,341	3,290,049
Expenditures					
General Government	-	-	-	80,481	80,481
Environmental Protection	44,713	21,282	-	-	65,995
Cultural and Recreation	-	-	29,251	-	29,251
Total Expenditures	44,713	21,282	29,251	80,481	175,727
Revenues Over (Under) Expenditures					
	1,865,658	1,252,055	(29,251)	25,860	3,114,322
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	-
Transfers to Other Funds	(551,709)	(376,400)	-	-	(928,109)
Total Other Financing Sources (Uses)	(551,709)	(376,400)	-	-	(928,109)
Net Change in Fund Balance	1,313,949	875,655	(29,251)	25,860	2,186,213
Fund Balance - Beginning of Year	5,121,634	1,211,078	150,737	70,675	6,554,124
Fund Balance - End of Year	\$ 6,435,583	\$ 2,086,733	\$ 121,486	\$ 96,535	\$ 8,740,337

TOWN OF OAK ISLAND, NORTH CAROLINA

Special Revenue-Accomodations Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes and Licenses			
Accomodations Tax Receipts		\$ 1,910,371	
Total Other Taxes and Licenses	\$ 744,000	1,910,371	\$ 1,166,371
Nonoperating Revenues			
Interest earnings	-	-	-
Total Revenues	744,000	1,910,371	1,166,371
Expenditures			
Tourism			
Salaries and Wages		10,030	
Fringe Benefits		767	
Citizen Patrol Supplies		875	
Professional Services		263	
Utilities		2,147	
Greenhouse		1,580	
Beach Maintenance Plan		675	
Pier Repairs		4,544	
Contracted Services		23,832	
Total Tourism	81,291	44,713	36,578
Total Expenditures	81,291	44,713	36,578
Revenues Over (Under) Expenditures	662,709	1,865,658	1,202,949
Other Financing Sources (Uses)			
Transfers from Other Funds			
Pier Project	-	-	-
Transfers to Other Funds			
Beach Renourishment	(551,709)	(551,709)	-
Pier Project	(111,000)	-	111,000
Total Other Financing Sources (Uses)	(662,709)	(551,709)	111,000
Appropriated Fund Balance			
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	1,313,949	1,313,949
Fund Balance Beginning of the Year		5,121,634	
Fund Balance End of the Year	\$ 6,435,583		

TOWN OF OAK ISLAND, NORTH CAROLINA

Special Revenue-Beach Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Accomodations Tax 2%		1,273,337	
Total Other Taxes and Licenses	476,400	1,273,337	796,937
Total Revenues	476,400	1,273,337	796,937
Expenditures			
Environmental Protection		21,282	
Other Operating Expenditures	100,000	21,282	78,718
Total Envionmental Protection			
Total Expenditures	100,000	21,282	78,718
Revenues Over (Under) Expenditures	376,400	1,252,055	875,655
Other Financing Sources (Uses)			
Transfers to Other Funds			
Beach Renourishment Fund	(376,400)	(376,400)	-
Total Other Financing Sources (Uses)	(376,400)	(376,400)	-
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	875,655	\$ 875,655
Fund Balance Beginning of the Year		1,211,078	
Fund Balance End of the Year	\$	2,086,733	

TOWN OF OAK ISLAND, NORTH CAROLINA

Pier Project Capital Projects Fund

Schedule of Revenues and Expenditures, and Changes in Fund Balances

Budget and Actual

From Inception and For the Fiscal Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues					
Restricted Intergovernmental					
Insurance Recovery	\$ 55,586	\$ 55,586	\$ -	\$ 55,586	\$ -
FEMA Assistance	2,101,875	129,375	-	129,375	(1,972,500)
Golden Leaf Grant	1,444,414	1,444,414	-	1,444,414	-
Total Restricted Intergovernmental	3,601,875	1,629,375	-	1,629,375	(1,972,500)
Total Revenues	3,601,875	1,629,375	-	1,629,375	(1,972,500)
Expenditures					
Current					
Engineering Services	323,000	282,471	-	282,471	40,529
Pier House Improvements	185,000	173,657	8,250	181,907	3,093
Pier Construction	3,126,738	1,885,797	21,001	1,906,798	1,219,940
Total Expenditures	3,634,738	2,341,925	29,251	2,371,176	1,263,562
Revenues Over (Under) Expenditures	\$ (32,863)	\$ (712,550)	\$ (29,251)	\$ (741,801)	\$ (708,938)
Other Financing Sources					
Transfers In:					
Accomodations Tax Fund	934,125	1,518,549	-	1,518,549	584,424
General Fund	150,042	257,112	-	257,112	107,070
Transfers Out:					
Pier Complex Fund	(1,051,304)	(912,374)	-	(912,374)	138,930
Total Other Financing Sources	32,863	863,287	-	863,287	691,494
Net Change in Fund Blance	\$ -	\$ 150,737	(29,251)	\$ 121,486	\$ (17,444)
Fund Balance-Beginning of the Year				150,737	
Fund Balance-Beginning of the Year				\$ 121,486	

TOWN OF OAK ISLAND, NORTH CAROLINA

Special Revenue-COVID-19 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
COVID 19 Grant		\$ 106,341	
Total Restricted Intergovernmental	\$ 106,341	106,341	\$ -
Total Revenues	106,341	106,341	-
Expenditures			
COVID 19		80,481	
Total COVID 19	106,341	80,481	25,860
Total Expenditures	106,341	80,481	25,860
Revenues Over (Under) Expenditures			
	-	25,860	25,860
Revenues and Other Financing Sources Over (Under) Expenditures			
	-	25,860	25,860
Fund Balance - Beginning of Year		70,675	
Fund Balance - End of Year	\$	96,535	

Individual Fund Statements and Schedules

Proprietary Funds

TOWN OF OAK ISLAND, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services:			
Utility Charges	\$ 3,754,221		
Reconnect Fees	79,735		
Late Fees	35,275		
Water Taps	315,494		
Other Operating Revenues	376,615		
Total Operating Revenues	\$ 3,609,086	4,561,340	\$ 952,254
Nonoperating Revenues			
System Development Fees	164,489		
Interest Earnings	-		
Total Nonoperating Revenues	70,000	164,489	94,489
Total Revenues	3,679,086	4,725,829	1,046,743
Expenditures			
Water Administration			
Salaries and Wages	160,545		
Employee Benefits	60,254		
Cost of Water	1,285,351		
Other Operating Expenditures	66,633		
Capital Outlay	-		
Total Waste Administration	1,569,308	1,572,783	(3,475)
Water Maintenance			
Salaries and Wages	442,798		
Employee Benefits	165,776		
Other Operating Expenditures	891,163		
Capital Outlay	110,505		
Total Water Maintenance	\$ 1,665,480	\$ 1,610,242	\$ 55,238

TOWN OF OAK ISLAND, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Total Expenditures	<u>\$ 3,234,788</u>	<u>\$ 3,183,025</u>	<u>\$ 51,763</u>
Other Financing Sources (Uses)			
Transfers In	-	-	-
Wastewater Fund	-	-	-
Transfers Out	-	-	-
Wastewater Fund	(444,298)	(444,298)	-
Capital Reserve Fund	(166,000)	(166,000)	-
Total Other Financing Sources (Uses)	<u>(610,298)</u>	<u>(610,298)</u>	<u>-</u>
Appropriated Fund Balance	166,000	-	166,000
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	<u>-</u>	<u>932,506</u>	<u>932,506</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	<u>932,506</u>		
Reconciling Items:			
Capital Outlay	110,505		
Depreciation Expense	(276,121)		
Increase (Decrease) in Deferred Outflows of Resources - Pensions	25,508		
(Increase) Decrease in Net Pension Liability	(83,781)		
(Increase) Decrease in Deferred Inflows of Resources - Pensions	930		
(Increase) Decrease in: Accrued Vacation Pay	(12,874)		
Total Reconciling Items	<u>(235,833)</u>		
Change in Net Position	<u>\$ 696,673</u>		

TOWN OF OAK ISLAND, NORTH CAROLINA

Wastewater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services:			
Utility Charges	\$ 4,893,228		
Caswell Beach Utility Charges	319,596		
Sewer Taps	337,679		
Miscellaneous	51		
Total Operating Revenues	\$ 5,095,363	5,550,554	\$ 455,191
Nonoperating Revenues			
System Development Fees	681,083		
Assessments	99,940		
Interest on Assessments	9,192		
Interest Earned	-		
Total Nonoperating Revenues	600,000	790,215	190,215
Total Revenues	5,695,363	6,340,769	645,406
Expenditures			
Waste Collection			
Salaries and Wages	390,525		
Employee Benefits	142,464		
Other Operating Expenditures	780,864		
Maintenance and Repair	344,984		
Capital Outlay	300,730		
Total Waste Collection	2,011,246	1,959,567	51,679
Waste Treatment			
Salaries and Wages	350,168		
Employee Benefits	156,860		
County Treatment Capital Charge	2,807,199		
County Treatment Service Fees	694,445		
Other Operating Expenditures	265,226		
Maintenance and Repair	91,709		
Capital Outlay	41,773		
Total Waste Treatment	4,336,535	4,407,380	(70,845)
Debt Service			
Principal Payments	3,943,739		
Interest	3,281,548		
Total Debt Service	7,225,200	7,225,287	(87)
Total Expenditures	13,572,981	13,592,234	(19,253)
Revenue Over (Under) Expenditures	\$ (7,877,618)	\$ (7,251,465)	\$ 626,153

TOWN OF OAK ISLAND, NORTH CAROLINA

Wastewater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Transfers in:			
Sewer District Fund	6,311,840	6,312,000	160
Water Fund	444,298	444,298	-
Capital Reserve Fund	159,700	-	(159,700)
Transfers out:			
Water fund	-	-	-
Capital Reserve Fund	(266,000)	(266,000)	-
Total Other Financing Sources (Uses)	6,649,838	6,490,298	(159,540)
Appropriated Fund Balance	1,227,780	-	1,227,780
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	\$ -	(761,167)	(761,167)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures		(761,167)	
Reconciling Items:			
Principal Retirement	3,943,739		
Amortization of Bond Issuance Costs	(38,081)		
Amortization of Premium and Discount	328,631		
Expended Restricted Bond Revenue	(129,324)		
Capital Outlay	342,503		
Depreciation Expense	(3,617,910)		
Increase (Decrease) in Deferred Outflows of Resources - Pensions	48,650		
(Increase) Decrease in Net Pension Liability	(100,178)		
(Increase) Decrease in Deferred Inflows of Resources - Pensions	1,143		
Increase (Decrease) in Deferred Outflows of Resources-OPEB	74,463		
(Increase) Decrease in Deferred Inflows of Resources-OPEB	4,001		
(Increase) Decrease in OPEB Liability	(94,191)		
(Increase) Decrease in:			
Accrued Vacation Payable	(19,933)		
Accrued Interest Payable	28,318		
Sewer District Fund			
Sewer District Fees	6,992,560		
Transfer to Wastewater Fund	<u>(6,312,000)</u>		
Total Reconciling Items	<u>1,452,391</u>		
Change in Net Position	\$ 691,224		

TOWN OF OAK ISLAND, NORTH CAROLINA

Combining Statement of Net Postion

Other Enterprise Funds

June 30, 2021

Non-Major Enterprise Funds

	Solid Waste Fund	South Harbour Golf Course Fund	Stormwater Fund	Pier Complex Fund	Total
ASSETS					
Current Assets					
Cash and Investments	\$ 3,630	\$ 355	\$ 310,889	\$ 131,350	\$ 446,224
Accounts Receivable (net)	199,847	-	114,967	-	314,814
Inventories	-	1,972	-	12,052	14,024
Prepaid Items	-	-	-	2,416	2,416
Total Current Assets	203,477	2,327	425,856	145,818	777,478
Noncurrent Assets					
Capital Assets:					
Land and Improvements	-	1,404,610	-	1,077,333	2,481,943
Buildings	5,304	98,205	37,154	216,383	357,046
Motor Vehicles	23,250	-	45,906	-	69,156
Heavy Vehicles	999,138	-	173,751	-	1,172,889
Equipment	158,581	170,849	369,628	32,504	731,562
Other Structures	-	-	-	483,051	483,051
Less Accumulated Depreciation	(872,371)	(165,442)	(303,156)	(448,304)	(1,789,273)
Total Non-current Assets	313,902	1,508,222	323,283	1,360,967	3,506,374
Total Assets	517,379	1,510,549	749,139	1,506,785	4,283,852
DEFERRED OUTFLOWS OF RESOURCES					
Pension Deferrals	60,677	28,385	36,488	6,259	131,809
OPEB Deferrals	-	-	62,338	-	62,338
Total Deferred Outflows of Resources	60,677	28,385	98,826	6,259	194,147
LIABILITIES					
Current Liabilities					
Accounts Payable	148,165	6,194	18,199	26,460	199,018
Salaries Payable	3,980	5,104	3,574	6,185	18,843
Compensated Absences	30,613	11,834	10,050	3,089	55,586
Total Current Liabilities	182,758	23,132	31,823	35,734	273,447
Noncurrent Liabilities					
Other Postemployment Benefits	264,153	-	179,732	-	443,885
Net Pension Liability	102,865	49,205	61,433	14,971	228,474
Total Non-current Liabilities	367,018	49,205	241,165	14,971	672,359
Total Liabilities	549,776	72,337	272,988	50,705	945,806
DEFERRED INFLOWS OF RESOURCES					
Pension Deferrals	-	912	-	-	912
OPEB Deferrals	12,239	-	-	-	12,239
Total Deferred Inflows of Resources	\$ 12,239	\$ 912	\$ -	\$ -	\$ 13,151

TOWN OF OAK ISLAND, NORTH CAROLINA

Combining Statement of Net Postion

Other Enterprise Funds

June 30, 2021

NET POSITION

Net Investment in Capital Assets	\$ 313,902	\$ 1,508,222	\$ 323,283	1,360,967	\$ 3,506,374
Unrestricted	<u>(297,861)</u>	<u>(42,537)</u>	<u>251,694</u>	<u>101,372</u>	<u>12,668</u>
Total Net Position	\$ 16,041	\$ 1,465,685	\$ 574,977	1,462,339	\$ 3,519,042

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Other Enterprise Funds

For the Year Ended June 30, 2021

Non-Major Enterprise Funds					
	Solid Waste Fund	South Harbour Golf Course Fund	Stormwater Fund	Pier Complex Fund	Total
Operating Revenues					
Charges for Services					
Charges for Collection	\$ 1,266,316	\$ 158,715	\$ 664,086	\$ 445,172	\$ 2,534,289
Total Operating Revenues	1,266,316	158,715	664,086	445,172	2,534,289
Operating Expenses					
Administration	-	195,987	272,432	-	468,419
Waste Collection and Treatment	1,434,057	-	-	-	1,434,057
Repairs and Maintenance	-	-	133,300	-	133,300
Other Operating	-	103,063	12,760	418,522	534,345
Depreciation	48,759	17,715	48,559	20,285	135,318
Total Operating Expenses	1,482,816	316,765	467,051	438,807	2,705,439
Operating Income	(216,500)	(158,050)	197,035	6,365	(171,150)
Income (Loss) Before Contributions and Transfers					
	(216,500)	(158,050)	197,035	6,365	(171,150)
Contributions and Transfers					
Transfers in	152,000	65,000	-	-	217,000
Transfers to Other Funds	-	-	(30,000)	-	(30,000)
Contributions	7,470	-	-	-	7,470
Total Contributions and Transfers	159,470	65,000	(30,000)	-	194,470
Change in Net Position	(57,030)	(93,050)	167,035	6,365	23,320
Net Position - Beginning of Year	73,071	1,558,735	407,942	1,455,974	3,495,722
Net Position - End of Year	\$ 16,041	\$ 1,465,685	\$ 574,977	\$ 1,462,339	\$ 3,519,042

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TOWN OF OAK ISLAND, NORTH CAROLINA

Combining Statement of Cash Flows

Other Enterprise Funds

For the Year Ended June 30, 2021

Non-Major Enterprise Funds					
	Solid Waste Fund	South Harbour Golf Course Fund	Stormwater Fund	Pier Complex Fund	Total
Cash Flows from Operating Activities					
Cash Received from Customers and Users	\$ 1,255,846	\$ 158,715	\$ 649,197	\$ 445,172	\$ 2,508,930
Cash Paid for Goods and Services	(1,140,961)	(103,807)	(142,214)	(243,671)	(1,630,653)
Cash Paid to Employees	(224,112)	(182,072)	(214,668)	(178,541)	(799,393)
Net Cash Provided by Operating Activities	(109,227)	(127,164)	292,315	22,960	78,884
Cash Flows from Noncapital Financing Activities					
Transfers from Other Funds	152,000	65,000	-	-	217,000
Transfers to Other Funds	-	-	(30,000)	-	(30,000)
Net Cash Used by Noncapital Financing Activities	152,000	65,000	(30,000)	-	187,000
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(158,581)	-	(116,152)	-	(274,733)
Contributions	7,470	-	-	-	7,470
Net Cash Used by Capital and Related Financing Activities	(151,111)	-	(116,152)	-	(267,263)
Net Increase in Cash and Cash Equivalents	(108,338)	(62,164)	146,163	22,960	(1,379)
Cash and Cash Equivalents - July 1	111,968	62,519	164,726	108,390	447,603
Cash and Cash Equivalents - June 30	\$ 3,630	\$ 355	\$ 310,889	\$ 131,350	\$ 446,224

TOWN OF OAK ISLAND, NORTH CAROLINA
 Combining Statement of Cash Flows (Continued)
 Other Enterprise Funds
 For the Year Ended June 30, 2021

Non-Major Enterprise Funds					
	Solid Waste Fund	South Harbour Golf Course Fund	Stormwater Fund	Pier Complex Fund	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (216,500)	\$ (158,050)	\$ 197,035	\$ 6,365	\$ (171,150)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation	48,759	17,715	48,559	20,284	135,317
Changes in Assets and Liabilities					
(Increase) Decrease in:					
Accounts Receivable	(5,703)	-	(14,889)	-	(20,592)
Inventory	-	320	-	4,631	4,951
Prepaid Items	-	-	-	4,317	4,317
Deferred Outflows of Resources -					
Pensions	(5,448)	(8,795)	(6,370)	(2,339)	(22,952)
Deferred Outflows of Resources -					
OPEB	-	-	(57,948)	-	(57,948)
Increase (Decrease) in:					
Net Pension Liability	15,899	16,127	13,248	6,136	51,410
Deferred Inflows of Resources -					
Pensions	-	(162)	-	-	(162)
Deferred Inflows of Resources -					
OPEB	-	-	(941)	-	(941)
Accounts Payable	43,028	(1,064)	3,846	(17,864)	27,946
Unearned Revenue	-	-	-	-	-
Accrued Wages	(1,591)	2,551	(20)	255	1,195
Accrued Vacation Pay	12,329	4,194	3,036	1,175	20,734
OPEB liability	-	-	106,759	-	106,759
Total Adjustments	107,273	30,886	95,280	16,595	250,034
Net Cash Provided by Operating Activities	\$ (109,227)	\$ (127,164)	\$ 292,315	\$ 22,960	\$ 78,884

TOWN OF OAK ISLAND, NORTH CAROLINA

Solid Waste Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Charges for collection		\$ 1,266,316	
Total Operating Revenues	\$ 1,220,586	1,266,316	\$ 45,730
Nonoperating Revenues			
Solid Waste Disposal Tax			7,470
Total Nonoperating Revenues	4,000	7,470	3,470
Total Revenues	1,224,586	1,273,786	49,200
Expenditures			
Salaries and Wages		153,796	
Employee Benefits		74,032	
Operating Expenditures		236,750	
Maintenance and Repair		56,782	
Recycling Program		770,457	
Yard Waste Recycling		120,000	
Capital Outlay		158,581	
Total Sanitation Operation Expenditures	1,576,586	1,570,398	6,188
Total Expenditures	1,576,586	1,570,398	6,188
Revenue Over (Under) Expenditures	\$ (352,000)	\$ (296,612)	\$ 55,388

TOWN OF OAK ISLAND, NORTH CAROLINA

Solid Waste Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers in:			
General Fund	\$ 152,000	\$ 152,000	\$ -
Transfers out:			
Capital Reserve Fund	- - -	- - -	- - -
Total Other Financing Sources (Uses)	152,000	152,000	- - -
Appropriated Fund Balance	200,000	- - -	200,000
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	\$ - - -	(144,612)	\$ (144,612)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures		(144,612)	
Reconciling Items:			
Depreciation Expense		(48,759)	
Capital Outlay		158,581	
(Accrual) Decrease in Accrued Vacation Pay		(11,789)	
Increase (Decrease) in Deferred Outflows of Resources-Pensions		5,448	
(Accrual) Decrease in Net Pension Liability		(15,899)	
(Accrual) Decrease in Deferred Inflows of Resources-Pensions		- - -	
Total Reconciling Items		87,582	
Change in Net Position		\$ (57,030)	

TOWN OF OAK ISLAND, NORTH CAROLINA

South Harbour Golf Course Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Annual Membership		\$ 22,454	
Green Fee Play		130,867	
Merchandise Sales		5,394	
Total Operating Revenues	\$ 152,900	158,715	\$ 5,815
Nonoperating Revenues			
Interest Earnings		-	
Sponsorships		-	
Total Nonoperating Revenues	-	-	-
Total Revenues	152,900	158,715	5,815
Expenditures			
Administration			
Salaries and Wages		24,013	
Employee Benefits		2,138	
Operating Expenditures		16,646	
Total Administration	64,914	42,797	22,117
Maintenance			
Salaries and Wages		114,541	
Employee Benefits		43,932	
Operating Expenditures		86,417	
Total Maintenance	265,805	244,890	20,915
Capital Outlay			
Equipment		-	
Total Capital Outlay	-	-	-
Total Expenditures	330,719	287,687	43,032
Revenue Over (Under) Expenditures	\$ (177,819)	\$ (128,972)	\$ (48,847)

TOWN OF OAK ISLAND, NORTH CAROLINA

South Harbour Golf Course Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers in:			
General Fund	\$ 177,819	\$ 65,000	\$ (112,819)
Transfers out:			
Capital Reserve	-	-	-
Total Other Financing Sources (Uses)	177,819	65,000	(112,819)
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures			
	\$ -	(63,972)	\$ (63,972)
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures			
Reconciling Items			
Depreciation		(17,715)	
(Accrual) Decrease in Accrued Vacation Pay		(4,194)	
Increase (Decrease) in Deferred Outflows of			
Resources-Pensions		8,795	
(Accrual) Decrease in Net Pension Liability		(16,127)	
(Accrual) Decrease in Deferred Inflows of			
Resources-Pensions		163	
Total Reconciling Items		<u>(29,078)</u>	
Change in Net Position	\$ (93,050)		

TOWN OF OAK ISLAND, NORTH CAROLINA

Stormwater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Stormwater Fees - Residential		\$ 633,502	
Stormwater Fees - Commercial		30,584	
Total Operating Revenues	\$ 651,292	664,086	\$ 12,794
Total Revenues	651,292	664,086	12,794
Expenditures			
Salaries and Wages		137,238	
Employee Benefits		77,410	
Operating Expenditures		12,760	
Maintenance and Repair		133,300	
Capital Outlay		116,152	
Total Expenditures	651,292	476,860	174,432
Revenue Over (Under) Expenditures	\$ -	\$ 187,226	\$ 187,226

TOWN OF OAK ISLAND, NORTH CAROLINA

Stormwater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers out:			
Capital Reserve	(30,000)	\$ (30,000)	
Total Other Financing Sources (Uses)	(30,000)	\$ (30,000)	-
Appropriated Fund Balance	(30,000)	-	(30,000)
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	-	157,226	157,226
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures		157,226	
Reconciling Items:			
Depreciation Expense	(48,559)		
Capital Outlay	116,152		
(Accrual) Decrease in Accrued Vacation Pay	(3,036)		
Increase (Decrease) in Deferred Outflows of Resources-Pensions	6,370		
(Accrual) Decrease in Net Pension Liability	(13,248)		
(Accrual) Decrease in Deferred Inflows of Resources-Pensions	-		
Increase (Decrease) in Deferred Outflows of Resources-OPEB	57,948		
(Accrual) Decrease in Deferred Inflows of Resources-OPEB	941		
(Accrual) Decrease in OPEB Liability	(106,759)		
Total Reconciling Items	9,809		
Change in Net Position	167,035		

TOWN OF OAK ISLAND, NORTH CAROLINA

Pier Complex Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Facility Rental		63,147	
Merchandise Sales		97,095	
Fishing Passes		184,521	
Food and Beverage Sales		99,726	
Miscellaneous		683	
Total Operating Revenues	\$ 333,500	445,172	\$ 111,672
Total Revenues	333,500	445,172	111,672
Expenditures			
Salaries and Wages		153,896	
Employee Benefits		27,239	
Operating Expenditures		232,416	
Capital Outlay		-	
Total Expenditures	385,956	413,551	(27,595)
Revenue Over (Under) Expenditures	\$ (52,456)	\$ 31,621	\$ 84,077

TOWN OF OAK ISLAND, NORTH CAROLINA

Pier Complex Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers in:			-
General Fund			-
Pier Project Fund			-
Total Other Financing Sources (Uses)	52,456	-	52,456
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	\$ -	\$ 31,621	\$ 31,621
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses)			
Over (Under) Expenditures	31,621		
Reconciling Items			
Depreciation	(20,284)		
Capital Outlay			-
(Accrual) Decrease in Accrued Vacation Pay	(1,175)		
Increase (Decrease) in Deferred Outflows of Resources-Pensions	2,339		
(Accrual) Decrease in Net Pension Liability	(6,136)		
Total Reconciling Items	(25,256)		
Change in Net Position	\$ 6,365		

TOWN OF OAK ISLAND, NORTH CAROLINA
 Sewer District Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Nonoperating Revenues			
Sewer District Fees-Current		\$ 6,957,448	
Sewer District Fees-Prior Years		35,112	
Total Nonoperating Revenues	\$ 6,311,840	6,992,560	\$ 680,720
Total Revenues	\$ 6,311,840	6,992,560	680,720
Expenditures			
Total Expenditures	-	-	-
Revenue Over (Under) Expenditures	6,311,840	6,992,560	680,720
Other Financing Uses:			
Transfers Out:			
Sewer District Fees-Current	(6,311,840)	(6,312,000)	(160)
Revenue and Other Financing Sources			
Over (Under) Expenditures	\$ -	\$ 680,560	\$ 680,560

Other Schedules

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2021
2020-21	\$ -	\$ 9,292,828	\$ 9,227,656	\$ 65,172
2019-20	49,356	(1,140)	39,210	9,006
2018-19	12,349	(61)	4,234	8,054
2017-18	9,724	(28)	526	9,170
2016-17	3,657	(6)	124	3,527
2015-16	4,110	(5)	77	4,028
2014-15	3,797	(3)	89	3,705
2013-12	2,049	(3)	17	2,029
2012-13	1,900	-	-	1,900
2011-12	1,926	-	513	1,413
2010-11	353	-	353	-
	\$ 89,221	\$ 9,291,582	\$ 9,272,799	\$ 108,004

Ad Valorem Taxes Receivable - Net \$ 108,004

Reconciliation with Revenues

Ad Valorem Taxes - General Fund and Beach Renourishment \$ 9,310,121

Reconciling Items:

Interest Collected (136)

Penalties Collected (36,833)

Taxes Written Off (353)

Total Collections and Credits \$ 9,272,799

TOWN OF OAK ISLAND, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 3,317,533,571	0.2800	\$ 9,289,094	\$ 8,954,342	\$ 334,752
Total Levy	3,317,533,571		9,289,094	8,954,342	334,752
Discoveries:					
Current and Previous Year Taxes	3,201,397		8,964	8,964	-
Releases					
Property Taxes - Current Year's Rate	(1,867,871)		(5,230)	(5,230)	-
Total Property Valuations	\$ 3,318,867,097				
Net Levy		9,292,828	8,958,076	8,958,076	334,752
Uncollected Taxes at June 30, 2021		(65,172)	(65,172)	(65,172)	-
Current Year's Taxes Collected	\$ 9,227,656		\$ 8,892,904	\$ 334,752	
Current Levy Collection Percentage		99.30%	99.27%	100.00%	

Statistical Section

This part of the Town of Oak Island's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Town of Oak Island's overall financial condition. The schedules included in this section can be categorized as follows:

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2004

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TOWN OF OAK ISLAND, NORTH CAROLINA

Net Position By Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016
Governmental activities					
Invested in capital assets, net of related debt	18,239,987	18,669,603	18,743,833	18,515,755	19,348,092
Restricted	5,288,746	6,355,004	6,816,053	6,478,048	7,716,212
Unrestricted	3,240,343	4,280,053	6,213,562	8,238,462	8,747,940
Total governmental activities net position	26,769,076	29,304,660	31,773,448	33,232,265	35,812,244
Business-type activities					
Invested in capital assets, net of related debt	22,380,413	21,260,926	21,175,561	21,789,047	20,149,688
Restricted	20,509,542	20,922,210	20,922,210	18,617,616	20,922,210
Unrestricted	4,560,440	3,103,347	2,794,452	5,283,646	8,356,724
Total business-type activities net position	47,450,395	45,286,483	44,892,223	45,690,309	49,428,622
Primary government					
Invested in capital assets, net of related debt	40,620,400	39,930,529	39,919,394	40,304,802	39,497,780
Restricted	25,798,288	27,277,214	27,738,263	25,095,664	28,638,422
Unrestictcd	7,800,783	7,383,400	9,008,014	13,522,108	17,104,664
Total primary government net position	74,219,471	74,591,143	76,665,671	78,922,574	85,240,866

2017	2018	2019	2020	2021
21,295,948	22,175,880	23,471,325	24,546,139	25,421,901
7,272,466	6,850,045	7,035,554	12,689,639	18,316,800
9,912,461	9,947,394	8,449,478	11,307,210	3,341,059
38,480,875	38,973,319	38,956,357	48,542,988	47,079,760
20,338,449	18,252,459	24,785,594	22,313,457	22,976,817
3,669,799	3,669,799	-	102,427	94,189
22,792,235	28,750,137	32,117,230	33,026,268	33,782,363
46,800,483	50,672,395	56,902,824	55,442,152	56,853,369
41,634,397	40,428,339	48,256,919	46,859,596	48,398,718
10,942,265	10,519,844	7,035,554	12,792,066	18,410,989
32,704,696	38,697,531	40,566,708	44,333,478	37,123,422
85,281,358	89,645,714	95,859,181	103,985,140	103,933,129

TOWN OF OAK ISLAND, NORTH CAROLINA

Table 1

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General Government	2,736,767	3,129,366	2,797,601	2,447,635
Public Safety	5,466,506	4,458,998	4,348,192	4,486,670
Transportation	2,596,254	930,438	1,675,984	1,847,906
Environmental Protection	226,484	23,831	156,499	143,027
Cultural and Recreation	1,264,960	1,108,161	1,006,435	4,390,206
Tourism				
Interest on long-term debt	600,751	550,489	471,343	515,501
Total governmental activities expenses	12,891,722	10,201,283	10,456,054	13,830,945
Business-type activities:				
Water	2,400,664	1,655,847	1,852,484	1,922,893
Wastewater	13,052,025	12,800,557	12,756,238	12,853,774
Solid Waste	1,004,513	914,958	896,411	1,055,665
Golf Course	246,743	207,432	205,132	194,819
Stormwater	-	-	-	-
Pier Complex				
Total business-type activities expenses:	16,703,945	15,578,794	15,710,265	16,027,151
Total primary government expenses	29,595,667	25,780,077	26,166,319	29,858,096
Program Revenues				
Governmental activities:				
Charges of services:				
General Government	245,924	233,974	354,336	796,887
Public Safety	1,447,452	1,381,941	1,072,612	1,560,975
Transportation	-	-	-	-
Environmental Protection	271,142	276,893	348,804	198,002
Cultural and Recreation	145,861	162,849	120,742	2,317,941
Operating grants and contributions	629,907	411,336	354,166	309,095
Capital grants and contributions	16,236	1,441	1,822	8,020
Total government activities program revenue	2,756,522	2,468,434	2,252,482	5,190,920
Business-type activities:				
Charges of services:				
Water	3,116,147	3,168,232	3,512,854	4,145,086
Wastewater	5,664,011	6,425,573	7,325,872	8,500,771
Solid Waste	845,919	862,931	922,232	949,762
Golf Course	135,714	123,993	125,185	114,742
Stormwater	-	-	-	-
Pier Complex				
Operating grants and contributions	49,909	3,872	4,246	4,574
Capital grants and contributions	3,240,574	3,787,571	3,493,407	3,255,066
Total business-type activities program revenue	13,052,274	14,372,172	15,383,796	16,970,001
Total primary government program revenues	15,808,796	16,840,606	17,636,278	22,160,921
Net (Expense)/Revenue				
Governmental activities	(10,135,200)	(7,732,849)	(8,203,572)	(8,640,025)
Business-type activities	(3,651,671)	(1,206,622)	(326,469)	942,850
Total primary government net revenue	(13,786,871)	(8,939,471)	(8,530,041)	(7,697,175)

(Continued on next page)

2016	2017	2018	2019	2020	2,021
2,516,788	2,877,541	2,620,927	5,936,162	2,552,687	6,545,741
6,781,142	4,986,023	5,247,129	5,774,177	6,409,380	6,239,045
967,976	1,184,313	1,157,263	1,526,446	2,813,837	1,823,597
380,320	-	6,784,657	1,233,100	1,250,147	13,048,422
1,772,305	1,255,071	1,475,350	2,250,127	1,606,911	1,003,421
			46,901	24,070	
<u>479,146</u>	<u>272,071</u>	<u>147,026</u>	<u>104,971</u>	<u>73,513</u>	<u>36,756</u>
<u>12,897,677</u>	<u>10,575,019</u>	<u>17,432,352</u>	<u>16,871,884</u>	<u>14,730,545</u>	<u>28,696,982</u>
2,039,590	2,166,011	3,086,872	3,127,833	3,036,973	3,418,858
12,774,267	19,417,518	12,266,799	13,326,427	16,954,506	12,820,403
1,162,144	1,139,955	1,419,362	1,374,879	1,461,792	1,482,816
226,332	243,277	237,088	230,718	239,172	316,765
-	303,889	514,954	587,441	442,763	467,051
			288,818	386,638	438,807
<u>16,202,333</u>	<u>23,270,650</u>	<u>17,525,075</u>	<u>18,936,116</u>	<u>22,521,844</u>	<u>18,944,700</u>
<u>29,100,010</u>	<u>33,845,669</u>	<u>34,957,427</u>	<u>35,808,000</u>	<u>37,252,389</u>	<u>47,641,682</u>
1,421,249	2,057,261	1,931,935	1,940,618	2,095,668	2,344,406
1,117,548	830,500	1,415,204	1,448,140	10,330	
-	-	0			
631,204	-	0			
156,928	155,687	169,448	212,042	119,061	131,113
309,969	366,159	412,861	318,358	7,937,864	8,979,412
309,596	691,700	4,132,910	156,491		
<u>3,946,494</u>	<u>4,101,307</u>	<u>8,062,358</u>	<u>4,075,649</u>	<u>10,162,923</u>	<u>11,454,931</u>
4,871,588	5,069,632	5,196,253	4,252,865	4,551,001	4,561,340
9,820,349	12,493,584	12,500,387	12,164,975	13,289,985	12,643,054
1,155,593	1,078,887	1,106,054	1,138,700	1,166,703	1,266,316
131,638	153,209	160,057	150,772	129,829	158,715
-	313,513	319,864	347,328	486,483	664,086
			11,384	231,611	445,172
209,231	34,911	0			
<u>4,057,999</u>	<u>1,075,417</u>	<u>994,648</u>	<u>6,844,123</u>	<u>903,489</u>	<u>862,234</u>
<u>20,246,398</u>	<u>20,219,153</u>	<u>20,277,263</u>	<u>24,910,147</u>	<u>20,759,101</u>	<u>20,600,917</u>
<u>24,192,892</u>	<u>24,320,460</u>	<u>28,339,621</u>	<u>28,985,796</u>	<u>30,922,024</u>	<u>32,055,848</u>
(8,951,183)	(6,473,712)	(9,369,994)	(12,796,235)	(4,567,622)	(17,242,051)
4,044,065	(3,051,497)	2,752,188	5,974,031	(1,762,743)	1,656,217
(4,907,118)	(9,525,209)	(6,617,806)	(6,822,204)	(6,330,365)	(15,585,834)

TOWN OF OAK ISLAND, NORTH CAROLINA

Table 2

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2012	2013	2014	2015
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	6,866,837	7,016,323	6,812,760	7,284,500
Local option sales tax	1,458,619	1,476,163	1,531,327	1,687,594
Accommodation Tax	1,068,434	1,128,868	1,166,651	1,284,187
Other Taxes	48,303	12,059	62,711	-
Grants and contributions not restricted	613,268	616,694	660,137	-
Unrestricted investment earnings	7,701	5,225	3,594	2,742
Miscellaneous	83,571	93,101	172,239	270,734
Law Suit Settlement	-	-	625,000	-
Gain (loss) on sale of assets	-	-	-	-
Extraordianary item-environmental remediation	(33,081)	-	-	-
Special Items	-	-	(292,059)	(5,356)
Transfers in (out)	(127,000)	(80,000)	(70,000)	(242,163)
Total governmental activities	<u>9,986,652</u>	<u>10,268,433</u>	<u>10,672,360</u>	<u>10,282,238</u>
Business-type activities:				
Interest and investment earnings	14,140	18,119	6,617	5,379
Miscellaneous	-	-	4,491	4,702
Gain on sale of assets	-	-	-	-
Transfers in (out)	127,000	80,000	70,000	(107,000)
Total business-type activities	<u>141,140</u>	<u>98,119</u>	<u>81,108</u>	<u>(96,919)</u>
Total primary government	<u>10,127,792</u>	<u>10,366,552</u>	<u>10,753,468</u>	<u>10,185,319</u>
Changes in Net Position				
Governmental activities	(148,548)	2,535,584	2,468,788	1,642,213
Business-type activities	(3,510,531)	(1,108,503)	(245,361)	845,931
Total primary government	<u>(3,659,079)</u>	<u>1,427,081</u>	<u>2,223,427</u>	<u>2,488,144</u>

2016	2017	2,018	2,019	2,020	2,021
7,373,718	7,445,239	7,695,090	7,867,466	9,423,260	9,661,854
1,475,318	1,897,533	2,183,968	2,150,053	2,106,768	2,622,914
1,083,546	1,446,852	2,202,209	2,538,039	2,026,692	3,183,708
-	-	-	-	-	-
-	-	-	-	-	-
19,162	49,949	113,227	122,189	300,459	42,027
897,067	105,640	144,003	506,930	554,994	23,320
-	-	-	-	-	-
436,084	15,071	55,495	3,117	38,880	-
-	(1,085,390)	-	-	-	-
-	-	-	-	-	-
306,249	432,084	(696,355)	(100,172)	(296,800)	245,000
<u>11,591,144</u>	<u>10,306,978</u>	<u>11,697,637</u>	<u>13,087,622</u>	<u>14,154,253</u>	<u>15,778,823</u>
497	2,136	23,593	154,502	5,271	-
-	2,931	9,767	1,724	-	-
-	-	-	-	-	-
(306,249)	(432,084)	696,355	100,172	296,800	(245,000)
(305,752)	(427,017)	729,715	256,398	302,071	(245,000)
<u>11,285,392</u>	<u>9,879,961</u>	<u>12,427,352</u>	<u>13,344,020</u>	<u>14,456,324</u>	<u>15,533,823</u>
2,639,961	3,833,266	2,327,643	291,387	9,586,631	(1,463,228)
3,738,313	(3,478,514)	3,481,903	6,230,429	(1,460,672)	1,411,217
<u>6,378,274</u>	<u>354,752</u>	<u>5,809,546</u>	<u>6,521,816</u>	<u>8,125,959</u>	<u>(52,011)</u>

TOWN OF OAK ISLAND, NORTH CAROLIN

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016
General Fund					
Reserved	-	-	-	-	-
Unreserved					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Non-spendable	25,457	12,972	26,712	577,803	19,909
Restricted	1,381,631	1,594,929	1,399,510	231,413	1,262,840
Committed	425,139	425,432	425,432	435,714	483,205
Assigned	-	-	-	-	-
Unassigned	3,372,614	4,307,979	6,031,718	8,238,462	8,798,773
 Total general fund	5,204,841	6,341,312	7,883,372	9,483,392	10,564,727
 All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Non-Spendable in Special Revenue Funds	56,163	56,163	56,163	-	-
Restricted in Special Revenue Funds	3,850,952	4,771,566	5,416,543	5,233,118	5,905,638
Committed in Capital Projects Funds	421,564	385,389	385,881	-	-
 Total all other governmental funds	4,328,679	5,213,118	5,858,587	5,233,118	5,905,638
 Total governmental funds	9,533,520	11,554,430	13,741,959	14,716,510	16,470,365

2017	2018	2019	2020	2021
-	-	-	-	-
669,379	49,548	106,511	64,140	146,420
822,821	1,406,623	1,252,958	929,536	870,901
380,835	745,460	271,569	-	-
10,625,878	12,511,569	12,203,505	15,755,572	16,315,000
<hr/> <u>12,498,913</u>	<hr/> <u>14,713,200</u>	<hr/> <u>13,834,543</u>	<hr/> <u>16,749,248</u>	<hr/> <u>17,332,321</u>
-	-	-	-	-
6,052,978	5,186,495	5,676,085	11,760,103	17,445,899
<hr/> <u>6,052,978</u>	<hr/> <u>5,186,495</u>	<hr/> <u>5,676,085</u>	<hr/> <u>11,760,103</u>	<hr/> <u>17,445,899</u>
<hr/> <u>18,551,891</u>	<hr/> <u>19,899,695</u>	<hr/> <u>19,510,628</u>	<hr/> <u>28,509,351</u>	<hr/> <u>34,778,220</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016
Revenues					
Ad valorem taxes	6,735,314	6,890,355	7,031,553	7,626,159	7,156,543
Other taxes and licenses	2,571,414	2,649,447	2,717,387	2,977,147	1,475,318
Unrestricted intergovernmental	613,268	616,694	660,137	796,887	1,117,456
Restricted intergovernmental	1,717,301	1,439,435	1,396,215	3,502,037	1,443,937
Permits and fees	293,638	297,489	348,334	405,913	628,504
Sales and services	613,350	623,556	510,718	464,172	467,801
Investment earnings	9,795	6,683	3,594	2,742	19,120
Miscellaneous	280,752	165,581	782,957	180,395	112,191
Total revenues	12,834,832	12,689,240	13,450,895	15,955,452	12,420,870
Expenditures					
General Government	2,565,883	2,872,851	2,628,089	2,398,394	2,498,959
Public Safety	5,519,623	3,934,916	3,763,473	4,222,273	5,124,685
Transportation	2,445,600	802,832	1,534,817	1,730,833	959,743
Environmental protection	211,712	120,781	138,990	134,960	384,110
Cultural and recreational	1,070,600	858,003	755,862	4,164,295	655,503
Tourism					
Debt Service:					
Interest	655,200	596,245	539,172	514,707	479,146
Principal	1,642,697	1,402,702	1,555,186	1,682,906	2,319,916
Total expenditures	14,111,315	10,588,330	10,915,589	14,848,368	12,422,062
Excess of revenues					
over (under) expenditures	(1,276,483)	2,100,910	2,535,306	1,107,084	(1,192)
Other Financing					
Sources (Uses)					
Debt Issuances	318,000	-	-	-	784,876
Transfers in	360,078	-	2,929,959	617,968	28,767
Transfers Out	(487,078)	(80,000)	(2,999,959)	(860,131)	(120,000)
Special Items	-	-	(292,059)	(5,356)	-
Sale of Capital Assets	-	-	14,282	112,250	436,084
Total other financing	191,000	(80,000)	(347,777)	(135,269)	1,129,727
sources (uses)					
Net change in fund balances	(1,085,483)	2,020,910	2,187,529	971,815	1,128,535
Capital outlay included in					
total expenditures	745,806	185,009	56,476	207,953	1,466,073
Debt service as a percentage					
of noncapital expenditures	17.2%	19.2%	19.3%	15.0%	25.5%

2017	2018	2019	2020	2021
7,461,694	7,461,694	7,695,090	9,431,726	9,644,873
3,344,385	3,344,385	4,386,177	4,133,460	5,806,622
927,645	927,645	1,031,475	1,259,154	1,472,070
1,875,540	1,875,540	5,817,584	7,937,864	8,992,510
336,617	336,617	347,803	139,772	858,885
978,569	978,569	808,070	826,133	131,113
49,949	49,949	113,227	300,459	42,027
109,278	109,278	273,378	554,994	23,320
<u>15,083,677</u>	<u>15,083,677</u>	<u>20,472,804</u>	<u>24,583,562</u>	<u>26,971,420</u>

2,639,184	2,639,184	2,447,289	2,484,063	6,252,915
4,611,679	4,611,679	4,734,325	5,779,508	5,542,950
1,113,871	1,113,871	1,245,695	2,635,981	1,694,458
-	-	6,564,561	1,250,147	13,048,422
2,331,345	2,331,345	1,666,959	1,446,009	773,575
		46,901	24,070	
272,071	272,071	147,026	73,513	36,756
1,903,628	1,903,628	1,633,628	1,633,628	1,633,628
<u>12,871,778</u>	<u>12,871,778</u>	<u>18,486,384</u>	<u>15,326,919</u>	<u>28,982,704</u>

2,211,899	2,211,899	1,986,420	9,256,643	-2,011,284
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-	-	-	-	8,035,153
695,158	695,158	4,026,726	2,071,465	1,390,109
(263,114)	(263,114)	(4,723,081)	(2,368,265)	(1,145,109)
-	-	-	-	-
15,071	15,071	55,495	38,880	
447,115	447,115	(640,860)	(257,920)	8,280,153
<u>2,659,014</u>	<u>2,659,014</u>	<u>1,345,560</u>	<u>8,998,723</u>	<u>6,268,869</u>
<u>466,252</u>	<u>466,252</u>	<u>629,953</u>	<u>814,981</u>	<u>315,929</u>

17.5% 17.5% 10.0% 11.8% 5.8%

TOWN OF OAK ISLAND, NORTH CAROLINA
 Governmental Activities Tax Revenue By Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Fiscal Year		Property		Sales		Occupancy		Franchise		Video		Alcohol		
Ended	June 30	Property	Tax	Sales	Tax	Occupancy	Tax	Franchise	Tax	Programming	Tax	Beverage	Tax	Total
2012	6,866,837	1,458,619		1,068,434		381,608		157,974		29,593		9,963,065		
2013	6,890,355	1,520,579		1,128,868		421,555		153,897		27,754		10,143,008		
2014	7,031,553	1,531,327		1,166,651		440,598		153,498		30,401		10,354,028		
2015	7,626,159	1,691,355		770,603		541,157		115,489		33,805		10,778,568		
2016	7,156,543	1,475,318		659,385		959,952		74,998		31,387		10,357,583		
2017	7,479,356	1,897,496		1,446,852		706,173		151,047		33,335		11,714,259		
2018	7,695,090	2,183,968		2,202,209		718,682		149,591		32,610		12,982,150		
2019	7,880,492	2,150,053		2,017,746		773,178		145,606		32,964		13,000,039		
2020	9,423,260	2,106,768		2,026,692		777,517		140,062		33,703		14,508,002		

TOWN OF OAK ISLAND, NORTH CAROLINA

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Motor Vehicles	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	2,399,746,526	24,372,523	17,024,122	-	7,987,556	2,433,155,615	0.2750
2013	2,449,726,454	19,158,930	16,672,444	-	11,123,655	2,474,434,173	0.2750
2014	2,487,456,775	11,964,755	15,860,319	-	10,922,121	2,504,359,728	0.2750
2015	2,562,328,870	22,453,252	16,431,960	-	11,171,900	2,590,042,182	0.2750
2016	2,356,385,149	24,348,200	17,769,388	-	11,128,265	2,387,374,472	0.2750
2017	2,397,469,996	27,160,669	19,135,751	-	11,258,182	2,432,508,234	0.2900
2018	2,474,590,496	35,616,877	19,700,946	-	25,056,550	2,504,851,769	0.2900
2019	2,682,179,360	27,160,669	19,135,751		11,258,182	2,717,217,598	0.2800
2020	3,203,969,785	34,653,551	21,209,635	115,898,285	23,711,926	3,352,019,330	0.2800
2021	3,318,867,097	34,336,171	90,756,921	119,554,286	23,643,127	3,539,871,348	0.2800

Source: Town's Tax Department

TOWN OF OAK ISLAND, NORTH CAROLINA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Town of Oak Island		Overlapping Rates		Total Direct & Overlapping Rates	
	Operating Rate	Debt Service Rate	Total Town Rate	Brunswick County		
2012	0.18248	0.09252	0.2750	0.4425	0.0400	0.7575
2013	0.19620	0.07880	0.2750	0.4425	0.0400	0.7575
2014	0.19414	0.08086	0.2750	0.4425	0.0400	0.7575
2015	0.19414	0.08086	0.2750	0.4425	0.0400	0.7575
2016	0.15776	0.11724	0.2750	0.4850	0.0400	0.8000
2017	0.19968	0.09032	0.2900	0.4850	0.0400	0.8150
2018	0.22149	0.06851	0.2900	0.4850	0.0400	0.8150
2019	0.22797	0.05203	0.2800	0.4850	0.0400	0.8050
2020	0.22907	0.05093	0.2800	0.4850	0.0400	0.8050
2021	-0.61042	0.89042	0.2800	0.4850	0.0400	0.8050

Notes:

- (1) Property is revalued every four years. Property was last revalued in January, 2019 and will be revalued again in 2023.
- (2) The property tax rates listed above are based on unit-wide tax rates. Certain motor vehicles were taxed at the preceding year's rate.
- (3) Overlapping rates are those of local and county governments that apply to property owners with the Town of Oak Island. Not all overlapping rates apply to all Town of Oak Island property owners (e.g. the rates for the Smithville Township apply only to the town's property owners whose property is located within the geographic boundaries of the Smithville Township).
- (4) The Smithville Township is a hospital district. The levy collected is specific for debt retirement and capital improvements on behalf of the citizens of Smithville Township.
- (5) Components of the Overlapping Rates are not available

Source: Town of Oak Island and Brunswick County Tax Department

TOWN OF OAK ISLAND, NORTH CAROLINA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
		Amount	% of Levy		Amount	% of Levy	
2011	6,645,496	6,314,365	95.02%	329,446	6,643,811	99.97%	1,685
2012	6,830,366	6,510,859	95.32%	316,872	6,827,731	99.96%	2,635
2013	6,971,984	6,629,931	95.09%	339,013	6,968,944	99.96%	3,040
2014	7,120,396	6,829,735	95.92%	286,783	7,116,518	99.95%	3,878
2015	7,327,088	7,160,619	97.73%	160,584	7,321,203	99.92%	5,885
2016	6,516,395	6,497,759	99.71%	11,218	6,508,977	99.89%	7,418
2017	7,202,721	7,102,479	98.61%	88,009	7,190,488	99.83%	12,233
2018	7,771,518	7,707,160	99.17%	4,301	7,711,461	99.23%	60,057
2019	8,423,376	8,353,078	99.17%	18,826	8,371,904	99.39%	51,472
2020	9,064,948	9,015,592	99.46%	25,730	9,041,322	99.74%	23,626
2021	9,292,828	9,227,656	99.30%	45,143	9,272,799	99.78%	20,029

TOWN OF OAK ISLAND, NORTH CAROLINA

Principal Property Tax Payers

Current Year and Five Years Ago

Taxpayer	Types of Property	Fiscal Year 2021			Fiscal Year 2016		
		2021		Assessed Value	Percentage of Total		Assessed Value
		Taxable	Rank		Town	2016	
		Value	Rank	Value	Assessed	Value	Assessed
Brunswick Electric Membership Corp	Utility	15,526,087	1	0.46%	14,138,576	1	0.55%
MDI Management Inc.	Developer	9,343,110	2	0.28%	N/A	N/A	
Equity Investments	Developer	8,110,680	3	0.24%	N/A	N/A	
DWE III LLC& Ladane Enterprises	Developer	6,169,710	4	0.18%	10,239,440	2	0.40%
Lowes Food Stores Inc.	Residential	5,016,112	5	0.15%	N/A	N/A	
DWE II LLC	Developer	4,527,740	6	0.14%	2,860,470	4	0.11%
Capel Jesse Etals	Residential	3,599,980	7	0.11%	6,665,416	3	0.26%
Wilmington Holding Corp	Developer	3,483,750	8	0.10%	N/A	N/A	N/A
Oak Island Property Holdings LLC	Residential	2,579,000	9	0.08%	2,572,500	6	0.10%
Bright Parsun LLC	Developer	2,802,290	10	0.08%	N/A	N/A	N/A
St James Plantation Prop	Residential	N/A	N/A	N/A	2,175,986	9	0.08%
Food Lion LLC	Commercial/Retail	N/A	N/A	N/A	2,737,674	5	0.11%
Time Warner Cable	Cable TV	N/A	N/A	N/A	1,979,488	10	0.08%
Pacula Family Rev Trust	Residential	N/A	N/A	N/A	2,368,270	7	0.09%
Personal Jet Group	Aviation	N/A	N/A	N/A	2,280,000	8	0.09%
		61,158,459		1.82%	48,017,820		1.85%

Source: Town's Tax Department

TOWN OF OAK ISLAND, NORTH CAROLINA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Ratio		
	Ended	Special			State			Total		Debt to	
		Installment	Capital	Obligation	Installment	Revenue	Revolving	Capital	Primary	Personal	Per
June 30	Purchases	Leases	Bonds		Purchases	Notes & Bonds	Loan Fund	Lease	Government	Income ⁽¹⁾	Capita ⁽¹⁾
2012	13,317,801	981,046		-	497,933	90,945,948	12,604,726	-	118,347,454	3.31%	16,900
2013	12,097,885	798,259		-	407,586	88,617,974	12,008,450	-	113,930,154	3.03%	16,379
2014	10,877,969	462,990		-	312,838	86,226,777	11,398,628	-	109,279,202	N/A	N/A
2015	9,658,053	-	-		213,476	83,856,303	10,774,948	-	104,502,780	N/A	14,228
2016	9,170,916	-	-		109,275	81,858,221	10,137,096		101,275,508	2.27%	13,749
2017	6,998,189	-	-		-	85,071,477	9,484,525		101,554,191	2.21%	13,488
2018	4,900,883	-	-		-	81,702,723	8,817,564		95,421,170	4.55%	10,699
2019	3,267,256	-	-		-	78,660,788	8,134,994		90,063,038	4.55%	10,596
2020	1,633,628	-	-		-	75,260,217	7,437,346		84,331,191	4.55%	9,475
2021	-	-	8,035,153		-	71,701,586	6,723,608		86,460,347	7.28%	10,310

Note: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾See the schedule of Demographic and Economic Statistics for Personal Income and Population data.

TOWN OF OAK ISLAND, NORTH CAROLINA**Direct and Underlying Governmental Activities Debt**

As of June 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Brussels County's general obligation debt	60,020,000	4.80%	2,880,960
Town of Oak Island underlying debt	-	-	-
Total direct and underlying debt			<u>\$ 2,880,960</u>

Source: County Debt Outstanding and Estimated Percentage Applicable to Town as reflected in the Brunswick County CAFR (Table 12)

TOWN OF OAK ISLAND, NORTH CAROLINA

Legal Debt Margin

As of June 30, 2021

Fiscal Year Ended June 30	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Total Debt as a Percentage of Debt Limit
2012	199,249,743	14,298,846	184,950,897	7.18%
2013	214,951,330	12,896,145	202,055,185	6.00%
2014	200,832,130	11,340,958	189,491,172	5.65%
2015	213,139,460	9,658,053	203,481,407	4.53%
2016	190,989,958	8,448,140	182,541,818	4.42%
2017	217,377,440	6,998,189	210,379,251	3.22%
2018	207,938,370	4,900,883	203,037,487	2.36%
2019	217,377,440	3,267,256	214,110,184	1.50%
2020	266,527,918	1,633,628	264,894,290	0.61%
2021	275,073,711	-	275,073,711	0.00%

Calculation of Legal Debt Margin for Fiscal Year 2020

Assessed value of taxable property	3,438,421,383
	x 0.08
Debt limit- (8 % of assessed value)	275,073,711
Debt applicable to limit:	
Total installment purchases	-
Total capital leases	-
Total amount of debt applicable to debt limit (net debt)	-
Legal debt margin	<u>275,073,711</u>

Note: Under State finance law, the Town's outstanding general obligation debt should not exceed eight percent (8%) of total assessed property value.

TOWN OF OAK ISLAND, NORTH CAROLINA

Pledged Revenue Coverage

Last Seven Fiscal Years

<u>Enterprise Funds</u>											
Fiscal Year	Operating and	Operating Expenses	Sewer District	Net Available	<u>All Enterprise Parity Debt</u>			<u>Total Other System Indebtedness</u>			
Ended June 30	Non-operating Revenue	Less Depreciation	Revenue	Revenue	Principal	Interest	Total	Principal	Interest	Total	
2015	13,200,321	6,574,254	2,292,332	8,918,399	3,073,041	3,756,697	6,829,738	723,042	275,436	998,478	
2016	12,515,651	7,070,458	2,965,116	8,410,309	2,730,000	3,821,426	6,551,426	761,626	236,852	998,478	
2017	14,966,641	7,016,800	2,598,711	10,548,552	2,840,000	3,507,651	6,347,651	666,981	216,699	883,680	
2018	15,951,775	8,387,701	2,313,875	9,877,949	2,950,000	3,393,120	6,343,120	682,351	201,530	883,881	
2019	11,431,741	8,310,300	6,954,005	10,075,446	2,950,000	3,387,426	6,337,426	682,441	201,530	883,971	
2020	11,369,427	8,706,563	6,985,498	9,648,362	3,230,000	3,262,632	6,492,632	713,739	186,013	899,752	
2021	10,710,228	9,234,533	6,992,560	8,468,255	3,230,000	3,111,407	6,341,407	713,739	170,141	883,880	

Required Coverage:

Fiscal Year	Net Available	15% Unrestricted Net Assets	Total Revenue	Total Service	20% Parity Debt	Total + 20% Parity Debt	<u>Coverage</u> 100% Parity	120% Parity
Ended June 30	Revenue	Net Assets	Revenue	Service	Service	Debt	Parity	Parity
2015	8,918,399	776,269	9,694,668	7,828,216	1,365,948	9,194,164	1.14	1.05
2016	8,410,309	1,690,835	10,101,144	7,549,904	1,310,285	8,860,189	1.11	1.14
2017	10,548,552	2,440,410	12,988,962	7,227,001	1,268,624	8,499,955	1.46	1.53
2018	9,877,949	3,416,625	13,294,574	7,227,001	1,445,400	8,672,401	1.37	1.53
2019	10,075,446	3,892,949	13,968,395	7,221,397	1,267,486	8,488,883	1.40	1.65
2020	9,648,362	4,412,502	14,060,864	7,392,384	1,267,486	8,659,870	1.31	1.62
2021	8,468,255	4,655,378	13,123,633	7,225,287	1,268,282	8,493,569	1.17	1.55

Notes:

- (1) The Town issued wastewater revenue bonds in 2008, 2009, 2011, 2015, and 2017
- (2) Non-operating Revenues include investment earnings.
- (3) Operating expenses are exclusive of depreciation and interest expense.
- (4) All enterprise fund debt service includes Revenue Bonds, State loans and other installment debt plus accrued interest at fiscal year end.
- (5) 15% of Unrestricted Net Assets is calculated as 15% of the previous fiscal year ending Cash and Investment Balance
- (6) In accordance with the Revenue Bond Trust Agreement definition of "Revenue", "Assessment Revenues shall not be included in Revenues in the Fiscal Year of receipt if and to the extent that an Officer's Certificate is filed that specifies that such amounts shall not be included in Revenues in such Fiscal year, and such amounts shall be included in Revenues if and to the extent specified in an Officer's Certificate filed in future Fiscal Years "

TOWN OF OAK ISLAND, NORTH CAROLINA**Demographic and Economic Stats****Last Ten Fiscal Years**

Fiscal Year Ended June 30	Population ⁽²⁾	Personal Income ⁽¹⁾ (in thousands)	Per Capita Income ⁽¹⁾	Median Age ⁽³⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽¹⁾
2012	7,003	3,574,233	31,768	48.4	12,026	10.3%
2013	6,956	3,756,974	32,558	48.8	12,201	9.1%
2014	7,088	3,924,028	32,929	49.3	12,416	6.9%
2015	7,345	4,204,982	34,160	49.6	12,240	7.1%
2016	8,297	4,457,288	35,017	49.90	12,290	5.8%
2017	7,529	4,820,537	36,551	50.4	12,401	4.8%
2018	8,326	5,378,884	39,514	50.9	12,425	5.0%
2019	8,500	Not Aval.	Not Aval.	51	12,363	5.2%
2020	8,900	5,845,674	42,749	53	13,762	8.30%
2021	8,386	6,302,575	44,029	53.8	13,800	7.00%

Note: Personal Income, Per Capita Income and Unemployment Rates are not available for the Town of Oak Island. Statistics for Brunswick County were used.

Source:

⁽¹⁾ Brunswick County Finance Department

⁽²⁾ Office of State Budget and Management

⁽³⁾ State Data Center, 2010 Census Data

TOWN OF OAK ISLAND, NORTH CAROLINA

Principal Employers for Brunswick County

Current and Nine Years Ago

Name of Employer	Business	Fiscal Year 2021				Fiscal Year 2012			
		Number		Percentage of Total		Number		Percentage of Total	
		Type of	of Employees	Rank	County Employment	Employees	Rank	County Employment	
Brunswick County Board of Educ	Education		2,000	1	3.70%	1,955	1		4.09%
County of Brunswick	Local Government		1,100	2	2.04%	1,029	2		2.15%
Wal-Mart Associates, Inc.	Retail		750	3	1.39%	750	4		1.57%
Duke Energy	Utility		833	4	1.54%	833	3		1.74%
Food Lion, Inc.	Grocery		500	5	0.93%	455	5		0.95%
Brunswick Novant Medical	Medical Care Facility		475	6	0.88%	450	6		0.94%
Lowe's Food	Grocery		500	7	0.93%	N/A	N/A		0.00%
Brunswick Community College	Education		500	8	0.93%	358	9		0.75%
Lowes Home Centers	Home Improvement		300	9	0.56%	N/A	N/A		N/A
Liberty Healthcare Group	Medical Care Facility		375	10	0.69%	362	8		0.76%
DAK Americas	Dacron Polyester Fiber		N/A	N/A	N/A	383	7		0.80%
Ports America	Trade Transportation		N/A	N/A	N/A	325	10		0.68%
Totals			7,333		13.58%	6,900			14.44%

Note: Economic data on total Town employment is not available. The above table is based on Brunswick County employment data.

Source: Brunswick County Finance Department

TOWN OF OAK ISLAND, NORTH CAROLINA

Full-time Equivalent Town Government Employees by Function

Last Ten Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	16	16	16	16	17	17	17	17	14	12
Public Safety										
Police	25	23	23	23	23	24	24	24	27	28
Communications	4	0	0	0	0	0	0	0	0	0
Animal Control	2	2	2	2	0	0	0	0	0	0
Fire	20	21	22	22	22	22	22	22	22	21
Development Services	8	6	6	6	8	8	10	10	10	13
Public Works	2	2	2	2	2	2	6	6	6	8
Fleet Maintenance	3	2	2	2	2	2	2	2	2	2
Facilities Maintenance	9	9	4	4	4	3	3	2	2	2
Street Department	7	5	5	5	6	6	6	6	6	8
Cultural and Recreation	7	6	4	4	8	6	6	6	7	7
Utility										
Water	10	9	9	9	11	8	8	12	12	12
Sewer	7	7	7	7	11	11	11	12	12	12
Solid Waste	4	4	4	4	4	3	3	3	3	4
Stormwater	1	2	2	2	2	3	3	4	4	4
Golf Course	2	2	2	2	2	2	2	2	3	3
Pier Complex	-	-	-	-	-	-	-	1	1	1
Capital Projects	0	0	0	0	0	0	0	0	0	0
Total	127	116	110	110	122	117	123	129	131	137

Source: Town's human resource department

TOWN OF OAK ISLAND, NORTH CAROLINA

Operating Indicators by Function

Last Ten Years

Function	2012	2013	2014	2015
Public Safety				
Police				
Number of calls dispatched ⁽¹⁾	11,741	10,029	10,332	10,332
Number of physical arrests	288	322	285	285
Number of violations	2,741	2,688	3,139	3,139
Fire				
Number of Fire runs	215	280	319	319
Number of EMS and Rescue runs ⁽²⁾	948	916	888	888
Code Enforcement/Building permits				
Number of building permits	1,448	1,681	1,875	1,875
Number of inspections	9,941	8,549	7,994	7,994
Transportation				
Streets				
New streets paved (miles)	0.00	0.00	0.00	0.00
Streets resurfaced (miles)	12.04	0.00	4.58	0.00
Environmental Protection				
Sanitation				
Refuse collected (tons)	13,148	NA	NA	NA
Bulky/Brush collected (tons)	1,200	1,500	8,011	8,011
Recyclables collected (tons)	820	863	1,250	1,250
Cultural and Recreation				
Number of Participants:				
weight fitness program	23,521	23,532	21,352	21,352
Fitness class	5,466	5,267	4,267	4,267
Athletic program	14,984	13,171	13,981	13,981
Teen program	2,409	3,743	448	448
Community Center program	7,466	6,849	1,437	1,437
Skate Park	1,722	1,735	1,711	1,711
Number of Ocean Education Center	2,760	1,083	939	939
Number of Nature Center participants	3,684	3,527	1,623	1,623
Number of paid golf course rounds played	12,442	10,595	9,063	9,063
Number of youth and miscellaneous program participants	6,375	6,861	2,953	2,953
Water				
Number of water customers	8,042	8,021	8,378	8,700
Average daily water consumption (gallons)	749,542	739,818	804,170	804,170
Wastewater				
Number of sewer customers	7,542	7,974	8,004	8,100
Sewer average daily treatment (gallons)	580,289	591,917	543,838	543,838

Notes:

Source: Various Town Departments

TOWN OF OAK ISLAND, NORTH CAROLINA

Operating Indicators by Function

Last Ten Years

Function	2016	2017	2018	2019	2020	2021
Public Safety						
Police						
Number of calls dispatched ⁽¹⁾	10,899	10,899	9,737	9,800	8,179	7,035
Number of physical arrests	563	563	238	400	249	175
Number of violations	3,645	3,645	2,779	3,000	2,364	1,367
Fire						
Number of Fire runs	300	491	434	450	510	833
Number of EMS and Rescue runs ⁽²⁾	983	949	641	650	880	683
Code Enforcement/Building permits						
Number of building permits	2,636	2,768	3,399	3,300	3,614	4,984
Number of inspections	10,767	11,305	15,000	12,000	16,572	22,450
Transportation						
Streets						
New streets paved (miles)	0.00	0.00	0.00	0.00	0.00	0.00
Streets resurfaced (miles)	0.00	0.00	0.00	7.50	7.39	0.00
Environmental Protection						
Sanitation						
Refuse collected (tons)	NA	NA	NA	NA	NA	NA
Bulky/Brush collected (tons)	11,250	14,100	15,200	18,000	20,000	19,698
Recyclables collected (tons)	1,116	1,194	2,100	2,100	1,287	NA
Cultural and Recreation						
Number of Participants:						
weight fitness program	21,459	21,566	26,724	25,000	16,500	1,799
Fitness class	4,288	4,310	4,489	4,600	3,036	918
Athletic program	14,051	14,121	14,786	14,800	9,768	305
Teen program	450	452	4,084	4,200	2,772	0
Community Center program	1,444	1,451	1,500	150	99	0
Skate Park	1,720	1,728	1,543	1,500	990	0
Number of Ocean Education Center	944	948	64	0	0	382
Number of Nature Center participants	1,631	1,639	1,847	1,900	0	503
Number of paid golf course rounds played	9,108	9,154	8,855	9,000	5,940	6,000
Number of youth and miscellaneous program participants	2,968	2,983	19,561	3,000	1,980	500
Water						
Number of water customers	8,829	9,015	9,000	9,100	9,271	10,091
Average daily water consumption (gallons)	812,000	891,683	805,920	1,002,680	1,056,513	1,202,000
Wastewater						
Number of sewer customers	8,318	8,505	8,574	8,650	8,900	9,539
Sewer average daily treatment (gallons)	537,866	601,219	692,399	782,399	900,000	985,000

Notes:

Source: Various Town Departments

TOWN OF OAK ISLAND, NORTH CAROLINA

Capital Assets by Function

Last Ten Years

Function	2012	2013	2014	2015	2016	2017
Public Safety						
Police						
Police Stations	2	2	2	2	2	2
Police Patrol Units	26	26	25	25	25	25
Police Motorcycle Units	1	1	1	1	1	1
Fire						
Fire Stations	3	3	3	3	3	3
Fire Trucks	6	6	6	6	7	7
Transportation						
Streets -Paved (miles)	96	96	96	96	96	96
Sidewalks (miles)	7.68	7.68	7.68	7.68	7.68	7.68
Environmental Protection						
Curbside Truck	2	2	2	2	2	2
Leaf Machine	2	2	2	2	2	2
Beach Trash Truck	2	2	2	2	2	2
Cultural and Recreation						
Parks	17	17	17	17	17	17
Tennis Courts	6	6	6	6	6	6
Pickle ball Courts	0	0	0	0	0	0
Playgrounds	2	2	2	2	2	2
Baseball/Softball fields	5	5	5	5	5	5
Soccer Fields	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1
Croquet Court	1	1	1	1	1	1
Disc Golf Course	1	1	1	1	1	1
Fishing Pier	1	1	1	1	1	1
Dog Park	1	2	2	2	2	2
Water						
Water Mains (miles)	120	120	120	120	120	120
Fire Hydrants	800	800	800	800	800	800
Average daily water consumption (in gallons)	749,542	739,818	804,170	804,170	812,000	891,683
Peak daily demand (in gallons)	2,111,000	2,174,330	2,188,950	2,188,950	2,239,000	2,250,000
Wastewater						
Sanitary Sewers (miles)	106	106	106	106	106	106
Lift Stations	34	34	34	34	34	34
Man Holes	245	245	245	245	245	245
Sewer Treatment Capacity (in gallons)	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000

Source: Various Town Departments

2018	2019	2020	2021
2	2	2	2
25	25	25	25
0	0	0	0
3	3	3	3
7	7	7	7
96	96	96	96
7.68	7.68	7.68	7.68
2	2	2	2
2	2	2	2
2	2	2	2
17	17	17	17
6	4	4	4
0	6	6	6
2	2	2	3
5	5	5	5
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	0	0	0
1	1	1	1
1	1	1	1
2	2	2	2
120	120	120	120
800	800	800	800
805,920	1,002,680	1,056,513	
2,200,000	2,023,120	2,250,000	
106	106	106	106
34	34	34	34
245	245	245	245
3,400,000	3,400,000	3,400,000	3,400,000

Compliance Section

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**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***

Independent Auditor's Report

**To the Honorable Mayor and
Members of the Town Council
Town of Oak Island, North Carolina**

We have audited, 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, the accompanying financial statements of the governmental activities, the discretely present component units, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Oak Island, North Carolina's basic financial statements, and have issued our report thereon dated December 6, 2021. The financial statements of the Town of Oak Island Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Oak Island, North Carolina's internal control over financial reporting to determine the 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 Town of Oak Island, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Oak Island, North Carolina'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 a 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 were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Oak Island, North Carolina's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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.

S. Preston Douglas & Associates, LLP

Whiteville, North Carolina

December 6, 2021

Report On Compliance for Each Federal Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of Town Council
Town of Oak Island, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Oak Island's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Oak Island's major federal programs for the year ended June 30, 2021. The Town of Oak Island's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion for each of the Town of Oak Island's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Oak Island's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Oak Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Oak Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Oak Island is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Oak Island's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Oak Island's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

S. Preston Douglas & Associates, LLP

Whiteville, NC
December 6, 2021

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of Town Council
Town of Oak Island, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Oak Island's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Oak Island's major state programs for the year ended June 30, 2021. The Town of Oak Island's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion for each of the Town of Oak Island's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Oak Island's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Oak Island's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Oak Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Oak Island is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Oak Island's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Oak Island's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

S. Preston Douglas & Associates, LLP

Whiteville, NC
December 6, 2021

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Type of auditor's report issued:	Unmodified	
Internal control over major federal programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major federal programs:

<u>Names of Federal Programs or Clusters</u>	CFDA Numbers
Presidentially Declared Disaster Grants	97.036
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results (continued)
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State Awards

Type of auditor's report issued on compliance for major state programs	Unmodified	
Internal control over major state programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Any audit finding disclosed that is required to be reported in accordance with 2 CFR 200.516(a)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major state programs:		
<u>Names of State Programs</u>		
Pass through of Presidential Declared Disaster Grants		
Dollar threshold used to distinguish between Type A and Type B programs	\$	500,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

For the Fiscal Year Ended June 30, 2021

Section II - Financial Statement Findings
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No findings

Section III - Federal Award Findings and Questioned Costs
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No findings

Section IV - State Award Findings and Questioned Costs

No findings

See Independent Auditor's Report.

TOWN OF OAK ISLAND, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 For the Fiscal Year Ended June 30, 2021

Grantor / Pass-through Grantor/ Program Title	Award Number/ State					State Contract Number	State Expenditures		
	Federal CFDA Number	Pass-through Grantor's Number	Federal (Direct Pass- through) Expenditures	State Contract Number					
Federal Grants:									
Cash Programs:									
<u>US Department of Homeland Security</u>									
NC Department of Public Safety Presidentially Declared Disaster- 4393-DR-NC	97.036		\$ 6,026,365	9490	\$ 2,008,788				
NC Department of Public Safety Presidentially Declared Disaster- 4568-DR-NC	97.036		\$ 2,197,251		\$ 732,417				
NC Department of Public Safety Presidentially Declared Disaster- 4487-DR-NC	21.019		\$ -		\$ 80,481				
State Grants:									
Cash Assistance									
<u>NC Department of Transportation</u>									
Right of Way Mowing				6610		7,178			
<u>NC Department of Natural and Cultural/ Parks and Recreation Trust Fund</u>									
PARTF Grant				2018-865		31,872			
Total assistance			\$ 8,223,616			\$ 2,860,736			

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Oak Island under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Oak Island, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Oak Island.

2. Summary of Significant Accounting Principles

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Town of Oak Island has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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