

TOWN OF OAK ISLAND NORTH CAROLINA



**AUDIT PRESENTATION FOR THE
FISCAL YEAR ENDED JUNE 30, 2024**

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Independent Auditor's Report

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

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the Town of Oak Island, North Carolina's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Oak Island ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit, as of June 30, 2024. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Oak Island ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Oak Island, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of the Oak Island ABC Board were not audited in accordance with Government Auditing Standards.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oak Island, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Governmental Auditing Standards will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oak Island, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Oak Island, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management, 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 20, 2024 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 20, 2024

Town of Oak Island, North Carolina
Management's Discussion and Analysis
June 30, 2024

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, 2024. 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

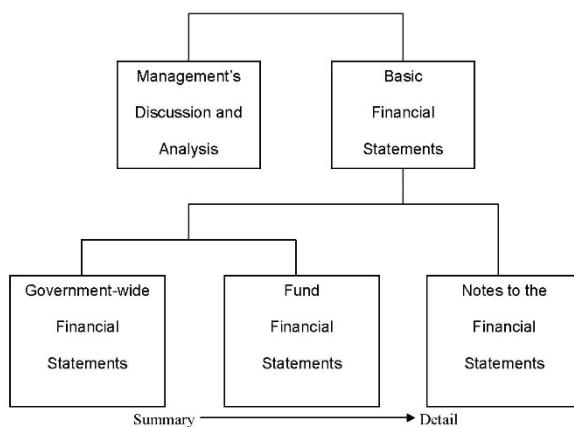
- The assets and deferred outflows of resources of the Town of Oak Island exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$153,674,254 (*net position*).
- Net position increased by \$25,331,409 during the fiscal year.
- As of the close of the current fiscal year, the Town of Oak Island's governmental funds reported combined ending fund balances of \$65,206,110 with an increase of \$8,166,955 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27,763,452. or 92.62% percent of total governmental fund expenditures for the fiscal year.
- The Town continued its diligence in the collection of property taxes by maintaining a tax collection percentage of 98.30%.
- Increased sales tax revenues of approximately \$208,201 due to the economic growth of the town.
- The Town continues to incur a low cost of debt due to the Town's high bond rating.

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 using 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

Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
ASSETS				
Current Assets				
Cash and Equivalent	\$ 61,998,335	\$ 34,108,425	\$ 96,106,760	\$ 526,683
Taxes Receivables, Net	506,416	-	506,416	-
Assessments Receivable	16,562	-	16,562	-
Accounts Receivable, Net	149,264	3,315,103	3,464,367	-
Due From Component Unit	-	-	-	-
Inventories	35,779	848,062	883,841	165,891
Prepaid Items	90,009	-	90,009	17,556
Total Current Assets	62,796,365	38,271,590	101,067,955	710,130
Non-current Assets				
Restricted Cash and Cash Equivalents	4,453,743	6,425,502	10,879,245	424,159
Restricted Receivables	-	457,849	457,849	-
Accrued Interest on Restricted Assets	-	56,080	56,080	-
Prepaid Bond Insurance	-	472,426	472,426	-
Capital Assets				
Land, Non-depreciable Improvements, and Construction in Progress	9,980,564	6,324,617	16,305,181	631,174
Other Capital Assets, Net of Depreciation	17,907,398	83,377,871	101,285,269	157,709
Total Capital Assets	27,887,962	89,702,488	117,590,450	788,883
Total Non-current Assets	32,341,705	97,114,345	129,456,050	1,213,042
Total Assets	95,138,070	135,385,935	230,524,005	1,923,172
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	3,184,508	975,422	4,159,930	102,173
OPEB Deferrals	552,224	235,281	787,505	2,545
Total Deferred Outflows of Resources	\$ 3,736,732	\$ 1,210,703	\$ 4,947,435	\$ 104,718

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Net Position (Continued)

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
LIABILITIES				
Current Liabilities				
Accounts Payable and				
Accrued Expenses	\$ 519,148	\$ 683,112	\$ 1,202,260	\$ 210,111
Accrued Interest Payable	-	236,669	236,669	-
Customer Deposits	128,481	78,266	206,747	-
Due to Other Funds	-	-	-	-
Due to Primary Government	-	-	-	214,461
Current Portion of Long-Term Liabilities	1,105,835	4,873,926	5,979,761	31,749
Total Current Liabilities	1,753,464	5,871,973	7,625,437	456,321
Long-Term Liabilities				
Due In More Than One Year	1,190,749	59,808,230	60,998,979	323,426
Net Pension Liability	4,588,249	1,580,295	6,168,544	105,704
Total Pension Liability	1,124,470	-	1,124,470	-
OPEB Liability	1,608,447	1,343,386	2,951,833	62,093
Total Long-Term Liabilities	8,511,915	62,731,911	71,243,826	491,223
Total Liabilities	10,265,379	68,603,884	78,869,263	947,544
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	1,222,128	106,317	1,328,445	-
Pension Deferrals	172,283	27,933	200,216	5,937
OPEB Deferrals	1,121,663	277,599	1,399,262	10,647
Total Deferred Inflows of Resources	2,516,074	411,849	2,927,923	16,584
NET POSITION				
Net Investment in Capital Assets	26,143,134	25,193,311	51,336,445	433,709
Restricted For:				
Stabilization by State Statute	1,857,662	-	1,857,662	-
Streets	210,798	-	210,798	-
General Government	-			
Public Safety	-	-	-	-
Environmental Protection	35,338,419	-	35,338,419	-
Tourism	-	-	-	-
Cultural and Recreation	-	-	-	-
Other Functions	-	78,266	78,266	573,926
Unrestricted	22,543,336	42,309,328	64,852,664	56,127
Total Net Position	\$ 86,093,349	\$ 67,580,905	\$ 153,674,254	\$ 1,063,762

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 3,412,863	\$ 1,700,012	\$ 8,224,237	764,178	
Public Safety	7,805,064	-	3,039,189	-	
Transportation	3,331,200	-	405,972	-	
Environmental Protection	2,952,986	-	-	269,915	
Cultural and Recreation	853,397	186,005	-	-	
Interest on Long-Term Debt	310,351	-	-	-	
Total Governmental Activities	18,665,861	1,886,017	11,669,398	1,034,093	
Business-Type Activities:					
Water Operations	5,541,348	5,413,024	-	149,113	
Wastewater Operations	10,308,188	13,295,872	-	712,154	
Solid Waste Operations	1,879,339	2,329,329	-	9,220	
Golf Course Operations	530,061	286,420	-	-	
Stormwater Operations	1,282,191	1,102,228	-	-	
Pier Complex	512,200	621,148	-	-	
Parking Fund	176,879	1,281,662	-	-	
Total Business-Type Activities	20,230,206	24,329,683	-	870,487	
Total Primary Government	\$ 38,896,067	\$ 26,215,700	\$ 11,669,398	\$ 1,904,580	
Component Units:					
Oak Island ABC Board	\$ 5,252,502	\$ 5,282,159	\$ -	\$ -	
Total Component Units	\$ 5,252,502	\$ 5,282,159	\$ -	\$ -	

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Activities (Continued)

For the Year Ended June 30, 2024

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				
Public Safety	\$ 7,275,564	\$ -	\$ 7,275,564	\$ -
Transportation	(4,765,875)	-	(4,765,875)	-
Environmental Protection	(2,925,228)	-	(2,925,228)	-
Cultural and Recreation	(2,683,071)	-	(2,683,071)	-
Interest on Long-Term Debt	(667,392)	-	(667,392)	-
Interest on Long-Term Debt	(310,351)	-	(310,351)	-
Total Governmental Activities	(4,076,353)	-	(4,076,353)	-
Business-Type Activities:				
Water Operations	-	20,789	20,789	-
Wastewater Operations	-	3,699,838	3,699,838	-
Solid Waste Operations	-	459,210	459,210	-
Golf Course Operations	-	(243,641)	(243,641)	-
Stormwater Operations	-	(179,963)	(179,963)	-
Pier Complex	-	108,948	108,948	-
Parking Fund	-	1,104,783	1,104,783	-
Total Business-Type Activities	-	4,969,964	4,969,964	-
Total Primary Government	(4,076,353)	4,969,964	893,611	-
Component Units:				
Oak Island ABC Board	\$ -	\$ -	\$ -	\$ 29,657
Total Component Units	\$ -	\$ -	\$ -	\$ 29,657
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose	10,932,909		10,932,909	-
Local Option Sales Taxes	3,975,706		3,975,706	-
Accomodations Taxes	5,290,317		5,290,317	-
Unrestricted Investment Earnings	3,514,433		3,514,433	14,465
Miscellaneous	695,221		695,221	16,558
Sale of Capital Assets and Materials	29,212		29,212	-
Total General Revenues	24,437,798	-	24,437,798	31,023
Transfers	(788,329)	788,329	-	-
Total General Revenues, Special Items, and Transfers	23,649,469	788,329	24,437,798	31,023
Change in Net Position	19,573,116	5,758,293	25,331,409	60,680
Net Position Beginning	66,520,233	61,822,612	128,342,845	1,003,082
Net Position -Ending	\$ 86,093,349	\$ 67,580,905	\$ 153,674,254	\$ 1,063,762

TOWN OF OAK ISLAND, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	Accommodations Tax	Beach Renourishment		
ASSETS					
Cash and Cash Equivalents	\$ 26,745,211	\$ 8,291,757	\$ 22,998,895	\$ 3,962,472	\$ 61,998,335
Restricted Cash	4,446,378	-	7,365	-	4,453,743
Receivables (net):					-
Taxes	462,410	132	43,874	-	506,416
Assessments	16,562	-	-	-	16,562
Accounts	149,264	-	-	-	149,264
Due from Component Unit	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Inventories	35,779	-	-	-	35,779
Prepays	-	-	90,009	-	90,009
Total Assets	\$ 31,855,604	\$ 8,291,889	\$ 23,140,143	\$ 3,962,472	\$ 67,250,108
LIABILITIES					
Accounts Payable	421,796	-	12,211	-	434,007
Due to Other Funds	-	-	-	-	-
Customer Deposits	128,481	-	-	-	128,481
Total Liabilities	550,277	-	12,211	-	562,488
DEFERRED INFLOWS OF REOURCES					
Unavailable Revenue	1,222,128	-	-	-	1,222,128
Property Taxes Receivable	215,508	-	43,874	-	259,382
Total Deferred Inflows of Resources	1,437,636	-	43,874	-	1,481,510
FUND BALANCES					
Non Spendable					
Inventories	35,779	-	-	-	35,779
Prepays	-	-	-	-	-
Restricted:	-	-	-	-	-
Stabilization by State Statute	1,857,662	-	-	-	1,857,662
Streets - Powell Bill	210,798	-	-	-	210,798
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Environmental Protection	-	8,291,889	23,084,058	3,962,472	35,338,419
Tourism	-	-	-	-	-
Cultural and Recreation	-	-	-	-	-
Assigned	-	-	-	-	-
Subsequent Year's Expenditures	-	-	-	-	-
Unassigned:	27,763,452	-	-	-	27,763,452
Total Fund Balances	29,867,691	8,291,889	23,084,058	3,962,472	65,206,110
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 31,855,604	\$ 8,291,889	\$ 23,140,143	\$ 3,962,472	\$ 67,250,108

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

June 30, 2024

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total Fund Balance, Governmental Funds	\$ 65,206,110
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Gross capital assets at historical cost	45,615,326
Accumulated depreciation	(17,727,364) 27,887,962
Deferred outflows of resources related to pensions are not reported in the funds	
	3,184,508
Deferred outflows of resources related to OPEB are not reported in the funds	
	552,224
Earned revenues considered deferred inflows of resources in fund statements	
	259,382
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Installment Purchases	(1,744,828)
Compensated absences payable	(551,756)
OPEB Liability	(1,608,447)
Net Pension Liability	(4,588,249)
Total Pension Liability	(1,124,470) (9,617,750)
Deferred inflows of resources related to pensions are not reported in the funds	
	(172,283)
Deferred inflows of resources related to OPEB are not reported in the funds	
	(1,121,663)
Other liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	
	(85,141)
Net Position of Governmental Activities	<u>\$ 86,093,349</u>

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2024

	Major Funds					Total Governmental Funds
	Accommodations		Beach Renourishment	Total Non-Major Funds		
	General	Tax				
Revenues						
Ad Valorem Taxes	\$ 8,887,302	\$ -	\$ 1,949,708	\$ -	\$ 10,837,010	
Other Taxes and Licenses	3,975,706	3,174,470		2,115,847	9,266,023	
Unrestricted Intergovernmental	1,687,731	-	-	-	1,687,731	
Restricted Intergovernmental	10,632,338	-	269,915	900,000	11,802,253	
Permits and Fees	913,519	-	-	-	913,519	
Sales and Services	186,005	-	-	-	186,005	
Investment Earnings	2,233,309	4,844	1,276,280	-	3,514,433	
Miscellaneous	695,221	-	-	-	695,221	
Total Revenues	29,211,131	3,179,314	3,495,903	3,015,847	38,902,195	
Expenditures						
Current:						
General Government	3,457,258	-	-	-	3,457,258	
Public Safety	8,499,032	-	-	-	8,499,032	
Transportation	3,568,615	-	-	-	3,568,615	
Environmental Protection		303,789	2,649,197	-	2,952,986	
Tourism	-	-	-	-	-	
Cultural and Recreational	1,219,012			-	1,219,012	
Debt Service:						
Principal	-	-	10,054,010	-	10,054,010	
Interest and Other Charges	-	-	225,210	-	225,210	
Total Expenditures	16,743,917	303,789	12,928,417	-	29,976,123	
Excess (Deficiency) of Revenues Over Expenditures	12,467,214	2,875,525	(9,432,514)	3,015,847	8,926,072	
Other Financing Sources (Uses)						
Transfers from Other Funds	805,093	-	13,468,780	-	14,273,873	
Transfers to Other Funds	(10,747,432)	(2,184,770)	-	(2,130,000)	(15,062,202)	
Sales of Capital Assets	28,144	-	-	-	28,144	
Sales of Materials	1,068	-	-	-	1,068	
Special Obligation Bonds Issued	-	-	-	-	-	
Total Other Financing Sources (Uses)	(9,913,127)	(2,184,770)	13,468,780	(2,130,000)	(759,117)	
Net Change in Fund Balance	2,554,087	690,755	4,036,266	885,847	8,166,955	
Fund Balance - Beginning	27,313,604	7,601,134	19,047,792	3,076,625	57,039,155	
Net Change in Fund Balance	2,554,087	690,755	4,036,266	885,847	8,166,955	
Fund Balance - Ending	\$ 29,867,691	\$ 8,291,889	\$ 23,084,058	\$ 3,962,472	\$ 65,206,110	

TOWN OF OAK ISLAND, NORTH CAROLINA**Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds**

For the Year Ended June 30, 2024

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

Net changes in fund balances - total governmental funds	\$ 8,166,955
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	1,828,317
Depreciation expense for governmental assets	(919,894) 908,423
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	866,605
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	84,755
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	167,091
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	95,899
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.	
Debt issuance	-
Increase in accrued interest payable	(85,141)
Principal payments on long-term debt	10,054,010
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	(94,741)
Pension Expense LGERS	(1,313,766)
Pension Expense LEOSSA	(134,404)
OPEB plan(expense)/income	857,430 <u>(685,481)</u>
Change in net position of governmental activities	\$ <u>19,573,116</u>

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Fund Net Position

Proprietary Funds

June 30, 2024

	Major Funds		Non-Major Funds		Total			
	Water Fund	Wastewater Fund	Other Enterprise Funds					
			Enterprise Funds	Total				
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ 18,828,127	\$ 12,941,942	\$ 2,338,356	\$ 34,108,425				
Accounts Receivables (net):	1,078,682	1,754,770	481,651	3,315,103				
Inventories	303,277	520,515	24,270	848,062				
Prepaid Items	-	-	-	-				
Total Current Assets	20,210,086	15,217,227	2,844,277	38,271,590				
Non-Current Assets								
Restricted Assets								
Cash and Cash Equivalents	78,266	6,347,236	-	6,425,502				
Assessments Receivables (net):	-	234,942	-	234,942				
Sewer District Fees Receivable (net)	-	222,907	-	222,907				
Accrued Interest Receivable	-	56,080	-	56,080				
Total Restricted Assets	78,266	6,861,165	-	6,939,431				
Other Assets								
Prepaid Bond Insurance Costs	-	472,426	-	472,426				
Capital Assets								
Land and Construction in Progress	145,068	3,654,611	2,524,938	6,324,617				
Other Capital Assets, Net of								
Depreciation	3,437,890	76,862,087	3,077,894	83,377,871				
Capital Assets	3,582,958	80,516,698	5,602,832	89,702,488				
Total Non-Current Assets	3,661,224	87,850,289	5,602,832	97,114,345				
TOTAL ASSETS	23,871,310	103,067,516	8,447,109	135,385,935				
DEFERRED OUTFLOWS OF RESOURCES								
Pension Deferrals	304,792	385,865	284,765	975,422				
OPEB Deferrals	-	86,377	148,904	235,281				
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 304,792	\$ 472,242	\$ 433,669	\$ 1,210,703				

TOWN OF OAK ISLAND, NORTH CAROLINA

Statement of Fund Net Position (Continued)

Proprietary Funds

June 30, 2024

	Major Funds		Non-Major Funds		Total			
	Water Fund	Wastewater Fund	Other Enterprise Funds					
			Enterprise Funds	Total				
LIABILITIES								
Current Liabilities								
Accounts Payable	\$ 2,147	\$ 477,847	\$ 72,703	\$ 552,697				
Salaries Payable	35,348	48,043	47,024	130,415				
Accrued Interest Payable	-	236,669	-	236,669				
Due to Other Funds	-	-	-	-				
Customer Deposits	78,266	-	-	78,266				
Compensated Absences Payable, Current	53,255	76,844	42,880	172,979				
Revenue Notes Payable, Current	-	780,947	-	780,947				
Revenue Bonds Payable, Current	-	3,920,000	-	3,920,000				
Total Current Liabilities	169,016	5,540,350	162,607	5,871,973				
Non-current Liabilities								
Other Postemployment Benefits	639,808	476,720	226,858	1,343,386				
Net Pension Liability	484,280	635,897	460,118	1,580,295				
Revenue Notes Payable, Non-current	-	3,702,535	-	3,702,535				
Revenue Bonds Payable, Non-current	-	56,105,695	-	56,105,695				
Total Non-Current Liabilities	1,124,088	60,920,847	686,976	62,731,911				
TOTAL LIABILITIES	1,293,104	66,461,197	849,583	68,603,884				
DEFERRED INFLOWS OF RESOURCES								
Unearned Revenue	106,317	-	-	106,317				
Pension Deferrals	18,157	10,327	(551)	27,933				
OPEB Deferrals	-	7,913	269,686	277,599				
TOTAL DEFERRED INFLOWS OF RESOURCES	124,474	18,240	269,135	411,849				
NET POSITION								
Net Investment in Capital Assets	3,582,958	16,007,521	5,602,832	25,193,311				
Restricted Customer Deposits	78,266	-	-	78,266				
Unrestricted	19,097,300	21,052,800	2,159,228	42,309,328				
NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ 22,758,524	\$ 37,060,321	\$ 7,762,060	\$ 67,580,905				

TOWN OF OAK ISLAND, NORTH CAROLINA

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

Proprietary Funds

For the Year Ended June 30, 2024

	Major Funds		Non-Major Funds	
	Water Fund	Wastewater Fund	Other Enterprise Funds	Total
Revenues				
Charges for Services	\$ 5,062,519	\$ 13,295,872	\$ 5,620,787	\$ 23,979,178
Other Operating Revenues	350,505	-	-	350,505
Total Operating Revenues	5,413,024	13,295,872	5,620,787	24,329,683
Operating Expenses				
Administration	1,093,619	-	800,386	1,894,005
Water Purchases	2,521,434	-	-	2,521,434
Waste Collection and Treatment	-	6,982,696	1,777,275	8,759,971
Maintenance	1,043,879	-	818,648	1,862,527
Other Operating	-	-	687,674	687,674
Depreciation	882,416	887,379	296,687	2,066,482
Total Operating Expenses	5,541,348	7,870,075	4,380,670	17,792,093
Operating Income (Loss)	(128,324)	5,425,797	1,240,117	6,537,590
Non-Operating Revenues (Expenses)				
Interest	3,039	4,528	-	7,567
System Development Fees	146,074	707,626	-	853,700
Interest and Other Charges	-	(2,438,113)	-	(2,438,113)
Sale of Capital Assets	-	-	-	-
Total Non-Operating Revenues (Expenses)	149,113	(1,725,959)	-	(1,576,846)
Income (Loss) Before Contributions and Transfers	20,789	3,699,838	1,240,117	4,960,744
Capital Contributions	-	-	9,220	9,220
Transfers In	-	838,093	965,329	1,803,422
Transfers Out	(595,622)	(22,471)	(397,000)	(1,015,093)
Change in Net Position	(574,833)	4,515,460	1,817,666	5,758,293
Net Position- Beginning	23,333,357	32,544,861	5,944,394	61,822,612
Total Net Position - Ending	\$ 22,758,524	\$ 37,060,321	\$ 7,762,060	\$ 67,580,905

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TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

June 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2024
2023-24	\$ -	\$ 10,499,837	\$ 10,321,398	\$ 178,439
2022-23	96,212	2,265	69,681	28,796
2021-22	34,097	114	16,080	18,131
2020-21	16,805	23	8,800	8,028
2019-20	2,201	12	544	1,669
2018-19	6,290	126	159	6,257
2017-18	5,693	-	6	5,687
2016-17	3,399	-	80	3,319
2015-16	3,839	-	6	3,833
2014-15	3,475	-	6	3,469
2013-14	1,915	-	161	1,754
	\$ 173,926	\$ 10,502,377	\$ 10,416,921	\$ 259,382

Ad Valorem Taxes Receivable - Net **\$ 259,382**

Reconcilement with Revenues

Ad Valorem Taxes - General Fund and Beach Renourishment **\$ 10,451,535**

Reconciling Items:

Interest Collected	-
Penalties Collected	(46,508)
Tax releases, written off & adjustments	11,894

Total Collections and Credits **\$ 10,416,921**

TOWN OF OAK ISLAND, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2024

	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	\$ 6,504,856,913	0.1600	\$ 10,498,380	\$ 10,114,914	\$ 383,466
Total Levy	6,504,856,913		10,498,380	10,114,914	383,466
Discoveries:					
Current Year Taxes	6,495,294		10,392	10,392	-
Releases					
Property Taxes - Current Year's Rate	<u>(5,584,413)</u>		<u>(8,935)</u>	<u>(8,935)</u>	<u>-</u>
Total Property Valuations	<u>\$ 6,505,767,794</u>				
Net Levy		10,499,837	10,116,371	383,466	
Uncollected Taxes at June 30, 2024		<u>(178,439)</u>	<u>(178,439)</u>		<u>-</u>
Current Year's Taxes Collected		<u>\$ 10,321,398</u>	<u>\$ 9,937,932</u>	<u>\$ 383,466</u>	
Current Levy Collection Percentage		<u>98.30%</u>	<u>98.24%</u>	<u>100.00%</u>	

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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, 2024, 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 20, 2024. Our report includes a reference to other auditors who audited the financial statements of the Town of Oak Island Board of Alcoholic Control, as described in our report on the Town of Oak Island's financial statements. This report does not include the result of the other auditors' testing of internal control over financial reporting or compliance and other matters that are report separately by those auditors. The financial statements of the Town of Oak Island Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 20, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Opinion on Each Major Federal Program

We have audited the Town of Oak Island, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and 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, 2024. 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.

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, 2024.

Basis for Opinion on Each Major Federal Program

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) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Oak Island and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Oak Island's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Oak Island's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Oak Island's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Oak Island's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Oak Island's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Oak Island's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oak Island's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance 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 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 internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The 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, North Carolina

December 20, 2024

Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the State Single Audit Implementation Act

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

Opinion on Each Major State Program

We have audited the Town of Oak Island's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and 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, 2024. 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.

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 program for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Oak Island and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Oak Island's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Oak Island's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Oak Island's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Oak Island's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Oak Island's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Oak Island's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oak Island's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in *internal control over compliance* exists when the design or operation of a control over compliance 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 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 internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The 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 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

S. Preston Douglas & Associates, LLP

Whiteville, North Carolina

December 20, 2024

TOWN OF OAK ISLAND, NORTH CAROLINA**Schedule of Findings and Questioned Costs****For the Fiscal Year Ended June 30, 2024****Section I. Summary of Auditor's Results****Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes none reported
- Noncompliance material to financial statements _____ yes no

Federal Awards

Internal control over major federal programs

- Material weakness(es) identified? _____ yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes no

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ yes no

Identification of major federal programs:

Names of Federal Program or Cluster

American Rescue Plan Act Grant

Federal Assistance Listing Numbers

21.027

Dollar threshold used to distinguish between Type A And Type B programs \$750,000

Auditee qualified as low-risk auditee? _____ yes no

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

For the Fiscal Year Ended June 30, 2024

State Awards

Internal control over major state programs

- Material weakness(es) identified? _____ yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes none reported

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? _____ yes no

Identification of major state program:

NCDOT-4

Non-State System Street-Aid Allocation

Dollar threshold used to determine a major state program \$500,000

Auditee qualified as low-risk auditee? _____ yes no

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

For the Fiscal Year Ended June 30, 2024

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported

TOWN OF OAK ISLAND, NORTH CAROLINA

Summary Schedule of Prior Year Findings

For the Fiscal Year Ended June 30, 2024

None reported

TOWN OF OAK ISLAND, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Fiscal Year Ended June 30, 2024

Grantor/Pass-through Grant/Program Title	Federal Assistance Listing Number	Award Number/State Pass-through Grantor's Number	Federal (Direct Pass- through) Expenditures	State Expenditures
Federal Grants:				
Pass Through:				
US Department of the Treasury				
NC Pandemic Recovery Office				
American Rescue Plan Act Grant	21.027		900,000	-
Total federal assistance			<u>900,000</u>	<u>-</u>
State Grants:				
Direct Programs:				
N.C. Department of Environmental Quality				
Beach Management Plan Grant			-	25,000
Coastal Storm Damage Mitigation Grant			-	241,250
Access Improvements Grant	8109		-	148,500
N.C. Department of Transportation				
Powell Bill	DOT-4		-	456,126
Total state assistance			<u>-</u>	<u>870,876</u>
Total assistance			<u>\$ 900,000</u>	<u>\$ 870,876</u>

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

Note 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, 2024. 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.

Note 2: Summary of Significant Accounting Policies

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.

Note 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.