TOWN OF OAK ISLAND
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

This page was left blank intentionally

TOWN OF OAK ISLAND, NORTH CAROLINA
Table of Contents

	Page
INTRODUCTORY SECTION	
List of Principal Officers	9
Organizational Chart	10
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	14
Basic Financial Statements	
Statement of Net Position	24
Statement of Activities	26
Fund Financial Statements	
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	32
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Special Revenue-Fund-Beach Renourishment Fund	33
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Special Revenue-Fund-Accommodations Tax Fund	34
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	40

	Page
Notes to the Financial Statements	42
Required Supplementary Financial Data	
Proportionate Share of Net Pension Liability-Local Government's Retirement System	88
Contributions-Local Government's Retirement System	89
Schedule of Changes in Total Pension Liability - Law Enforcement Officer's Separation Allowance	90
Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officer's Separation Allowance	91
Schedule of Changes in the Total OPEB Liability and related ratios	92
Individual Statements and Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	94
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	99
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Beach Renourishment Fund	100
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Accommodations Tax Fund	101
Combining Balance Sheet - Nonmajor Governmental Special Revenue Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Special Revenue Funds	103
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue - Beach Tax Fund	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue - Beach Preservation Fund	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue -Pier Project Capital Projects Fund	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue -Covid-19 Fund	107

	Page
Proprietary Funds	
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - Water Fund	110
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - Wastewater Fund	112
Combining Statement of Net Position - Other Enterprise Funds	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Other Enterprise Funds	116
Combining Statement of Cash Flows - Other Enterprise Funds	118
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - Solid Waste Fund	120
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - South Harbour Golf Course Fund	122
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - Stormwater Fund	124
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - Pier Complex Fund	126
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual (Non-GAAP) - Sewer District Fund	128
Other Schedules	
Schedule of Ad Valorem Taxes Receivable	130
Analysis of Current Levy Town Wide Levy	131

	Page
STATISTICAL SECTION	
Financial Trends	
Net Position by Component	134
Changes in Net Position	136
Fund Balance - Governmental Funds	140
Changes in Fund Balances - Governmental Funds	142
Revenue Capacity	
Government Activities Tax Revenues by Source	144
Assessed Value and Estimated Actual Value of Taxable Property	145
Direct and Overlapping Tax Rates	146
Property Tax Levies and Collections	147
Principal Property Tax Payers	148
Debt Capacity	
Ratio of Outstanding Debt by Type	149
Direct and Underlying Governmental Activities Debt	150
Legal Debt Margin	151
Pledged Revenue Coverage	152
Demographic and Economic Information	
Demographic and Economic Stats	153
Principal Employers for Brunswick County	154
Operating Information	
Full-time Equivalent Town Government Employees by Function	155
Operating Indicators by Function	156
Capital Assets by Function	158

	Page
COMPLIANCE SECTION	
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*	162
Report on Compliance For Each State Program; Report on Internal Control Over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act	164
Schedule of Findings and Questioned Costs	166
Summary Schedule of Prior Year Findings	169

Introductory Section

Town of Oak Island, North Carolina
List of Principal Officials
June 30, 2020

Mayor and Town Council

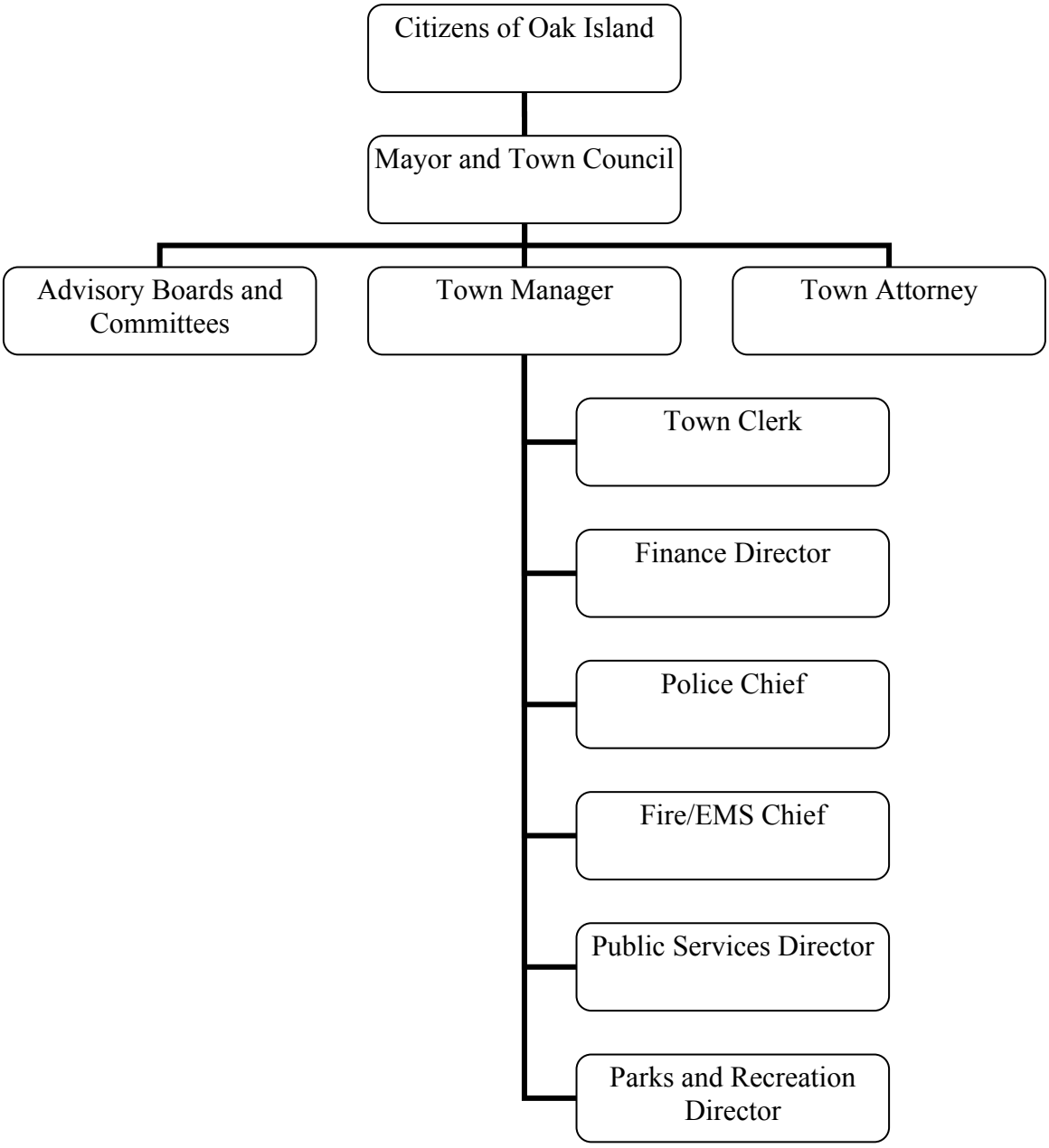
Ken Thomas, Mayor
Jeff Winecoff, Mayor Pro Tempore
Loman Scott,
Sheila M. Bell
Charlie K. Blalock
John W. Bach

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, 2020



SPD&A

122 Memory Plaza
Whiteville, NC 28472
(910) 642-6692 Phone
(910) 642-2119 Fax

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, 2020, 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, 2020, 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, 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 November 24, 2020 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
November 24, 2020

Management's Discussion and Analysis

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, 2020. 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.

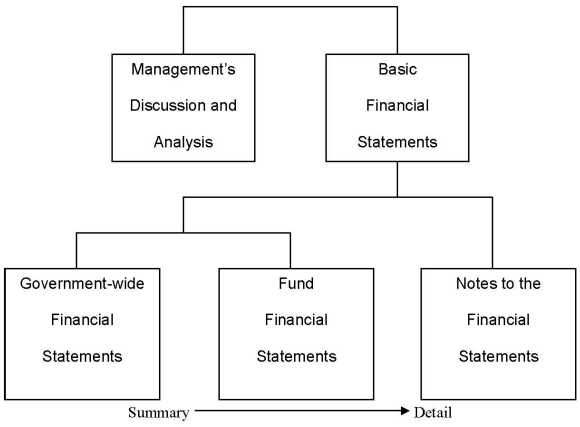
Financial Highlights

- 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 $103,985,140(*net position*).
- The government's total net position increased by $8,125,959 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 $28,509,351 with an increase of $8,998,723 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $15,755,572 or 102.80% 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



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.

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.

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	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 29,165,441	$ 20,421,628	$ 43,106,554	$ 44,051,300	$ 72,271,995	$ 64,472,928
Capital assets	26,179,767	26,738,581	97,683,019	102,139,258	123,862,786	128,877,839
Total assets	55,345,208	47,160,209	140,789,573	146,190,558	196,134,781	193,350,767
Deferred outflows of resources	1,396,065	1,424,269	397,336	400,056	1,793,401	1,824,325
Total assets and deferred outflows of resources	56,741,273	48,584,478	141,186,909	146,590,614	197,928,182	195,175,092
Long-term liabilities	5,721,915	6,806,943	80,731,581	84,826,161	86,453,496	91,633,104
Other liabilities	2,183,299	2,519,587	4,940,724	4,757,230	7,124,023	7,276,817
Total liabilities	7,905,214	9,326,530	85,672,305	89,583,391	93,577,519	98,909,921
Deferred Inflows of resources	293,071	301,591	72,452	104,399	365,523	405,990
Total liabilities and deferred inflows of resources	8,198,285	9,628,121	85,744,757	89,687,790	93,943,042	99,315,911
Net position						
Net investment in capital assets	24,546,139	23,471,325	22,313,457	24,785,594	46,859,596	48,256,919
Restricted	12,689,439	7,035,554	102,427	103,815	12,791,866	7,139,369
Unrestricted	11,307,410	8,449,478	33,026,268	32,013,415	44,333,678	40,462,893
Total net position	$ 48,542,988	$ 38,956,357	$ 55,442,152	$ 56,902,824	$ 103,985,140	$ 95,859,181

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 $103,985,140 at the close of the current fiscal year. The Town's net position increased by $8,125,959 for the fiscal year ended June 30, 2020. By far the largest portion of the Town's net position, 45.06%, 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.

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, $12,791,866 or 12.30%, 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 $44,333,678 or 42.63% of the total.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 2,225,059	$ 3,600,800	$ 19,855,612	$ 18,066,024	$ 22,080,671	$ 21,666,824
Operating grants and contributions	7,937,864	318,358	-	-	7,937,864	318,358
Capital grants and contributions	-	156,491	903,489	6,844,123	903,489	7,000,614
General revenues:						
Property taxes	9,423,260	7,867,466	-	-	9,423,260	7,867,466
Local option sales tax	2,106,768	2,150,053	-	-	2,106,768	2,150,053
Accomodations tax	2,026,692	2,538,039	-	-	2,026,692	2,538,039
Other	894,333	632,236	5,271	156,226	899,604	788,462
Total revenues	24,613,976	17,263,443	20,764,372	25,066,373	45,378,348	42,329,816
Expenses:						
General government	2,552,687	5,936,162	-	-	2,552,687	5,936,162
Public safety	6,409,380	5,774,177	-	-	6,409,380	5,774,177
Transportation	2,813,837	1,526,446	-	-	2,813,837	1,526,446
Environmental protection	1,250,147	1,233,100	-	-	1,250,147	1,233,100
Cultural and recreation	1,606,911	2,250,127	-	-	1,606,911	2,250,127
Tourism	24,070	46,901	-	-	24,070	46,901
Interest on long-term debt	73,513	104,971	-	-	73,513	104,971
Water	-	-	3,036,973	3,127,833	3,036,973	3,127,833
Wastewater	-	-	16,954,506	13,326,427	16,954,506	13,326,427
Non-major funds	-	-	2,530,365	2,481,856	2,530,365	2,481,856
Total expenses	14,730,545	16,871,884	22,521,844	18,936,116	37,252,389	35,808,000
Increase in net position before transfers and special item	9,883,431	391,559	(1,757,472)	6,130,257	8,125,959	6,521,816
Transfers	(296,800)	(100,172)	296,800	100,172	-	-
Increase in net position	9,586,631	291,387	(1,460,672)	6,230,429	8,125,959	6,521,816
Net position, beginning	38,956,357	38,973,319	56,902,824	50,672,395	95,859,181	89,645,714
Restatement	-	(308,349)	-	-	-	(308,349)
Net position, beginning, restated	38,956,357	38,664,970	56,902,824	50,672,395	95,859,181	89,337,365
Net position - June 30	$ 48,542,988	$ 38,956,357	$ 55,442,152	$ 56,902,824	$ 103,985,140	$ 95,859,181

Governmental activities. Governmental activities increased the Town's net position by $9,586,631. An increase in grants and contributions are the main factors in the increase in net position.

Business-type activities. The business-type activities decreased the Town of Oak Island's net position. Net position of business activities decreased by $1,460,672. A decrease in contributions and an increase in expenditures were the key components 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, 2020, the governmental funds of Town of Oak Island reported a combined fund balance of $28,509,351 with a net increase in fund balance of $8,998,723. Included in this change in fund balance are decreases 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 2020 fiscal year, the fund balance for the Town of Oak Island's General Fund reached $16,749,248. Of this, $929,536 was restricted, $64,140 represented non-spendable inventories and prepaid expenditures leaving an unassigned fund balance of $15,755,572 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 102.80% 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 $33,026,268. The change in net position for the Water, Wastewater and Other Enterprise Funds was $1,430,326, ($2,839,873) and ($51,125) 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.

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, 2020, totals $123,862,786 (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	
	2020	2019	2020	2019	2020	2019
Land and CIP	$ 9,254,457	$ 9,254,457	$ 5,931,622	$ 5,931,622	$ 15,186,079	$ 15,186,079
Buildings	11,732,900	12,161,376	10,268,841	10,630,213	22,001,741	22,791,589
Improvements	1,864,443	1,844,148	-	-	1,864,443	1,844,148
Motor Vehicles	694,202	596,954	142,375	89,468	836,577	686,422
Heavy Motor Vehicles	60,584	137,997	312,536	364,132	373,120	502,129
Equipment	217,338	238,624	3,786,701	5,112,021	4,004,039	5,350,645
Office Equipment	1,759	5,770	-	-	1,759	5,770
Computers and electrical equipment	76,200	97,504	108	108	76,308	97,612
Infrastructure	2,277,884	2,401,751	68,601,840	70,973,797	70,879,724	73,375,548
Intangible assets	-	-	8,638,996	9,037,902	$ 8,638,996	$ 9,037,902
Total capital assets, net	$ 26,179,767	$ 26,738,581	$ 97,683,019	$ 102,139,263	$ 123,862,786	$ 128,877,844

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, 2020, the Town of Oak Island had total bonded debt outstanding of $75,260,217. 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		Busines Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchase	$ 1,633,628	$ 3,267,256	$ -	$ -	$ 1,633,628	$ 3,267,256
Revolving loans	-	-	7,437,346	8,134,994	7,437,346	8,134,994
Revenue bonds	-	-	75,260,217	78,660,783	75,260,217	78,660,783
Compensated absences	456,889	423,788	144,706	123,635	601,595	547,423
OPEB liability	2,655,119	2,456,914	1,359,463	1,283,442	4,014,582	3,740,356
Net pension liability (LGERS)	1,906,716	1,568,291	618,294	519,610	2,525,010	2,087,901
Total pension liability	703,191	724,322	-	-	703,191	724,322
Total outstanding debt	$ 7,355,543	$ 8,440,571	$ 84,820,026	$ 88,722,464	$ 92,175,569	$ 97,163,035

Town of Oak Island Outstanding Debt

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 $264,894,290 (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 over the last three years has had continued growth in the number of new building permits issued. This growth will result in an increase to the Town's tax base and in an increase in water and wastewater revenues.

- All debt service payments are fully funded as required by North Carolina State Law. In the last few years, the Town has refinanced outstanding debt to reduce terms, utilize lower interest rates and in turn, save funds for the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2021

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. The Sewer District Fee for utility system users (and potential users) remained the same with no increase. The Town continues to collect Wastewater Assessments to supplement the operations of the wastewater system. 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.

Future Expenditures and Budget Priorities

The Town has signed a contract with an engineering firm to begin planning for the implementation of a long-term Beach Nourishment program. The funding of the Beach Nourishment program is still undetermined. Possible funding options are from multiple sources including ad valorem taxes, grants, assessments, etc.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
ASSETS				
Current Assets				
Cash and Equivalent	$ 27,691,934	$ 31,381,029	$ 59,072,963	$ 688,647
Taxes Receivables, Net	408,625	-	408,625	-
Assessments Receivable	22,599	-	22,599	-
Accounts Receivable, Net	-	3,069,216	3,069,216	-
Due from Other Funds	-	-	-	-
Due From Component Unit	48,607	-	48,607	-
Inventories	12,550	653,949	666,499	257,181
Prepaid Items	51,590	6,733	58,323	11,539
Total Current Assets	28,235,905	35,110,927	63,346,832	957,367
Non-current Assets				
Restricted Cash and Cash Equivalents	929,536	6,799,577	7,729,113	325,290
Restricted Receivables	-	507,935	507,935	-
Accrued Interest on Restricted Assets	-	75,367	75,367	-
Prepaid Bond Insurance	-	612,748	612,748	-
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	16,925,309	91,751,397	108,676,706	210,582
Total Capital Assets	26,179,767	97,683,019	123,862,786	311,760
Total Non-current Assets	27,109,303	105,678,646	132,787,949	637,050
Total Assets	55,345,208	140,789,573	196,134,781	1,594,417
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	1,318,842	370,293	1,689,135	51,683
OPEB Deferrals	77,223	27,043	104,266	4,673
Total Deferred Outflows of Resources	$ 1,396,065	$ 397,336	$ 1,793,401	$ 56,356

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses	$ 448,296	$ 449,978	$ 898,274	$ 539,143
Accrued Interest Payable	-	299,874	299,874	-
Customer Deposits	101,375	102,427	203,802	-
Due to Other Funds	-	-	-	-
Due to Primary Government	-	-	-	117,231
Current Portion of Long-Term Liabilities	1,633,628	4,088,445	5,722,073	-
Total Current Liabilities	2,183,299	4,940,724	7,124,023	656,374
Long-Term Liabilities				
Due In More Than One Year	456,889	78,753,824	79,210,713	-
Net Pension Liability	1,906,716	618,294	2,525,010	46,426
Total Pension Liability	703,191	-	703,191	-
OPEB Liability	2,655,119	1,359,463	4,014,582	94,759
Total Long-Term Liabilities	5,721,915	80,731,581	86,453,496	141,185
Total Liabilities	7,905,214	85,672,305	93,577,519	797,559
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	27,655	43,822	71,477	-
Pension Deferrals	81,878	3,536	85,414	-
OPEB Deferrals	183,538	25,094	208,632	19,913
Total Deferred Inflows of Resources	293,071	72,452	365,523	19,913
NET POSITION				
Net Investment in Capital Assets	24,546,139	22,313,457	46,859,596	311,760
Restricted For:				
Stabilization by State Statute	465,873	-	465,873	-
Streets	463,663	-	463,663	-
Public Safety	-	-	-	-
Environmental Protection	6,417,057	-	6,417,057	-
Tourism	5,121,634	-	5,121,634	-
Cultural and Recreation	221,412	-	221,412	-
Other Functions	-	102,427	102,427	434,642
Unrestricted	11,307,210	33,026,268	44,333,478	86,899
Total Net Position	$ 48,542,988	$ 55,442,152	$ 103,985,140	$ 833,301

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 2,552,687	$ 2,095,668	$ 196,620	-
Public Safety	6,409,380	10,330	1,484,450	-
Transportation	2,813,837	-	324,863	-
Environmental Protection	1,250,147		4,306,682	
Cultural and Recreation	1,606,911	119,061	1,625,249	-
Tourism	24,070	-	-	-
Interest on Long-Term Debt	73,513	-	-	-
Total Governmental Activities	14,730,545	2,225,059	7,937,864	-
Business-Type Activities:				
Water Operations	3,036,973	4,551,001	-	103,298
Wastewater Operations	16,954,506	13,289,985	-	795,577
Solid Waste Operations	1,461,792	1,166,703	-	4,514
Golf Course Operations	239,172	129,829	-	100
Stormwater Operations	442,763	486,483	-	-
Pier Complex	386,638	231,611	-	-
Total Business-Type Activities	22,521,844	19,855,612	-	903,489
Total Primary Government	$ 37,252,389	$ 22,080,671	$ 7,937,864	$ 903,489
Component Units:				
Oak Island ABC Board	$ 3,657,913	$ 3,691,191	$ -	$ -
Total Component Units	$ 3,657,913	$ 3,691,191	$ -	$ -

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:				
Governmental Activities:				
General Government	$ (260,399)	$ -	$ (260,399)	$ -
Public Safety	(4,914,600)	-	(4,914,600)	-
Transportation	(2,488,974)	-	(2,488,974)	-
Environmental Protection	3,056,535	-	3,056,535	-
Cultural and Recreation	137,399	-	137,399	-
Tourism	(24,070)	-	(24,070)	-
Interest on Long-Term Debt	(73,513)	-	(73,513)	-
Total Governmental Activities	(4,567,622)	-	(4,567,622)	-
Business-Type Activities:				
Water Operations	-	1,617,326	1,617,326	-
Wastewater Operations	-	(2,868,944)	(2,868,944)	-
Solid Waste Operations	-	(290,575)	(290,575)	-
Golf Course Operations	-	(109,243)	(109,243)	-
Stormwater Operations	-	43,720	43,720	-
Pier Complex	-	(155,027)	(155,027)	-
Total Business-Type Activities	-	(1,762,743)	(1,762,743)	-
Total Primary Government	(4,567,622)	(1,762,743)	(6,330,365)	-
Component Units:				
Oak Island ABC Board	-	-	-	33,278
Total Component Units	$ -	$ -	$ -	$ 33,278
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose	9,423,260	-	9,423,260	-
Local Option Sales Taxes	2,106,768	-	2,106,768	-
Accomodations Taxes	2,026,692	-	2,026,692	-
Unrestricted Investment Earnings	300,459	5,271	305,730	2,618
Miscellaneous	554,994	-	554,994	-
Sale of Capital Assets and Materials	38,880	-	38,880	-
Total General Revenues	14,451,053	5,271	14,456,324	2,618
Transfers	(296,800)	296,800	-	-
Total General Revenues, Special Items, and Transfers	14,154,253	302,071	14,456,324	2,618
Change in Net Position	9,586,631	(1,460,672)	8,125,959	35,896
Net Position Beginning Restated	38,956,357	56,902,824	95,859,181	797,405
Net Position -Ending	$ 48,542,988	$ 55,442,152	$ 103,985,140	$ 833,301

TOWN OF OAK ISLAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				
	General	Beach Renourishment	Accommodations Tax Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$15,746,061	$ 5,391,511	$ 5,121,872	$ 1,432,490	$ 27,691,934
Restricted Cash	929,536	-	-	-	929,536
Receivables (net):					-
Taxes	400,704	7,921	-	-	408,625
Assessments	16,562	-	6,037	-	22,599
Accounts	-	-	-	-	-
Due from Component Unit	48,607	-	-	-	48,607
Due from Other Funds	-	-	-	-	-
Inventories	12,550	-	-	-	12,550
Prepaids	51,590	-	-	-	51,590
Total Assets	$17,205,610	$ 5,399,432	$ 5,127,909	$ 1,432,490	$ 29,165,441
LIABILITIES					
Accounts Payable	262,526	185,532	238	-	448,296
Due to Other Funds	-	-	-	-	-
Customer Deposits	101,375	-	-	-	101,375
Total Liabilities	363,901	185,532	238	-	549,671
DEFERRED INFLOWS OF REOURCES					
Unavailable Revenue	21,618		6,037	-	27,655
Property Taxes Receivable	70,843	7,921	-	-	78,764
Total Deferred Inflows of Resources	92,461	7,921	6,037	-	106,419
FUND BALANCES					
Non Spendable					
Inventories	12,550	-	-	-	12,550
Prepaids	51,590	-	-	-	51,590
Restricted:		-	-	-	-
Stabilization by State Statute	465,873	-	-	-	465,873
Streets - Powell Bill	463,663	-	-	-	463,663
Public Safety	-	-	-	-	-
Environmental Protection	-	5,205,979	-	1,211,078	6,417,057
Tourism	-	-	5,121,634	-	5,121,634
Cultural and Recreation	-	-	-	221,412	221,412
Assigned					-
Subsequent Year's Expenditures	-	-	-	-	-
Unassigned:	15,755,572	-	-	-	15,755,572
Total Fund Balances	16,749,248	5,205,979	5,121,634	1,432,490	28,509,351
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$17,205,610	$ 5,399,432	$ 5,127,909	$ 1,432,490	$ 29,165,441

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2020

		Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Fund Balance, Governmental Funds		$ 28,509,351
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Gross capital assets at historical cost	40,538,467	
Accumulated depreciation	(14,358,700)	26,179,767
Deferred outflows of resources related to pensions are not reported in the funds		1,318,842
Deferred outflows of resources related to OPEB are not reported in the funds		77,223
Earned revenues considered deferred inflows of resources in fund statements		78,764
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Installment notes payable	(1,633,628)	
Compensated absences payable	(456,889)	
OPEB Liability	(2,655,119)	
Net Pension Liability	(1,906,716)	
Total Pension Liability	(703,191)	(7,355,543)
Deferred inflows of resources related to pensions are not reported in the funds		(81,878)
Deferred inflows of resources related to OPEB are not reported in the funds		(183,538)
Net Position of Governmental Activities		$ 48,542,988

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds				
	General	Beach Renourishment	Accommodations Tax Funds	Total Non-Major Funds	Total Governmental Funds
Revenues					
Ad Valorem Taxes	$ 8,190,673	$ 1,241,053	$ -	$ -	$ 9,431,726
Other Taxes and Licenses	2,106,768		1,216,001	810,691	4,133,460
Unrestricted Intergovernmental	1,259,154	-	-	-	1,259,154
Restricted Intergovernmental	3,237,333	3,157,377	-	1,543,154	7,937,864
Sales and Services	139,772	-	-	-	139,772
Permits and Fees	826,133	-	-	-	826,133
Investment Earnings	300,384	-	75	-	300,459
Miscellaneous	549,659	4,500	-	835	554,994
Total Revenues	16,609,876	4,402,930	1,216,076	2,354,680	24,583,562
Expenditures					
Current:					
General Government	2,484,063	-	-	-	2,484,063
Public Safety	5,779,508	-	-	-	5,779,508
Transportation	2,635,981	-	-	-	2,635,981
Environmental Protection		1,123,830	-	126,317	1,250,147
Tourism	-	-	24,070	-	24,070
Cultural and Recreational	830,609		-	615,400	1,446,009
Debt Service:					
Principal	1,633,628	-	-	-	1,633,628
Interest and Other Charges	73,513	-	-	-	73,513
Total Expenditures	13,437,302	1,123,830	24,070	741,717	15,326,919
Excess (Deficiency) of Revenues Over Expenditures	3,172,574	3,279,100	1,192,006	1,612,963	9,256,643
Other Financing Sources (Uses)					
Transfers from Other Funds	51	1,250,000	821,414	-	2,071,465
Transfers to Other Funds	(296,800)	-	(750,000)	(1,321,465)	(2,368,265)
Sales of Capital Assets	38,325	-	-	-	38,325
Sales of Materials	555	-	-	-	555
Total Other Financing Sources (Uses)	(257,869)	1,250,000	71,414	(1,321,465)	(257,920)
Net Change in Fund Balance	2,914,705	4,529,100	1,263,420	291,498	8,998,723
Fund Balance - Beginning	13,834,543	676,879	3,858,214	1,140,992	19,510,628
Net Change in Fund Balance	2,914,705	4,529,100	1,263,420	291,498	8,998,723
Fund Balance - Ending	$ 16,749,248	$ 5,205,979	$ 5,121,634	$ 1,432,490	$ 28,509,351

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ 8,998,723
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	$ 814,981	
Depreciation expense for governmental assets	(1,249,810)	(434,829)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		459,329
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		35,690
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		191,589
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		(8,466)
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.		
Principal payments on long-term debt		1,633,628
Decrease in accrued interest payable		
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	(40,357)	
Pension Expense LGERS	(879,396)	
Pension Expense LEOSSA	(72,620)	
OPEB plan expense	(296,660)	(1,289,033)
Change in net position of governmental activities		$ 9,586,631

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, 2020

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	$ 8,026,192	$ 8,026,192	$ 8,190,673	$ 164,481
Other Taxes and Licenses	1,699,100	1,699,100	2,106,768	407,668
Unrestricted Intergovernmental	763,683	768,683	1,259,154	490,471
Restricted Intergovernmental	696,163	3,164,179	3,237,333	73,154
Permits and Fees	469,500	509,000	826,133	317,133
Sales and Services	139,900	115,000	139,772	24,772
Investment Earnings	55,000	55,000	300,384	245,384
Miscellaneous	21,102	17,000	549,659	532,659
Total Revenues	11,870,640	14,354,154	16,609,876	2,255,722
Expenditures				
Current				
General Government	3,193,917	3,325,017	2,484,063	840,954
Public Safety	5,412,257	5,445,042	5,779,508	(334,466)
Transportation	1,965,113	2,677,140	2,635,981	41,159
Cultural and Recreation	942,209	952,209	830,609	121,600
Debt Service				
Principal	1,045,628	1,045,628	1,633,628	(588,000)
Interest and Other Charges	47,054	47,054	73,513	(26,459)
Contingency	-	-	-	-
Total Expenditures	12,606,178	13,492,090	13,437,302	54,788
Revenues Over (Under) Expenditures	(735,538)	862,064	3,172,574	2,310,510
Other Financing Sources (Uses)				
Transfers from Other Funds	-	71,101	624,551	553,450
Transfers to Other Funds	(732,416)	(1,263,716)	(921,300)	342,416
Sales of Capital Assets	-	-	38,325	38,325
Sales of Materials	-	-	555	555
Total Other Financing Sources (Uses)	$ (732,416)	$ (1,192,615)	$ (257,869)	$ 934,746
Fund Balance Appropriated	1,467,954	330,551	-	330,551
Net Change in Fund Balance	-	-	2,914,705	2,914,705
Fund Balance - Beginning of Year			11,902,227	
Net Change in Fund Balance	$ -	$ -	2,914,705	$ 2,914,705
Fund Balance - End of Year			14,816,932	
A legally adopted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Fund Balance - Beginning of Year			1,932,316	
Fund Balance - End of Year			$ 16,749,248	

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, 2020

	Beach Renourishment Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	$ 1,217,364	$ 1,217,364	$ 1,241,053	$ 23,689
Restricted Intergovernmental	-	3,157,377	3,157,377	-
Miscellaneous	10,000	10,000	4,500	(5,500)
Total Revenues	1,227,364	4,384,741	4,402,930	18,189
Expenditures				
Current				
Environmental Protection	3,164,472	3,164,472	1,123,830	2,040,642
Total Expenditures	3,164,472	3,164,472	1,123,830	2,040,642
Revenues Over (Under) Expenditures	(1,937,108)	1,220,269	3,279,100	2,058,831
Other Financing Sources (Uses)				
Transfers from Other Funds	1,937,108	1,937,108	1,250,000	(687,108)
Total Other Financing Sources (Uses)	1,937,108	1,937,108	1,250,000	(687,108)
Appropriated Fund Balance	-	(3,157,377)	-	(3,157,377)
Net Change in Fund Balance	$ -	$ -	4,529,100	$ 4,529,100
Fund Balance - Beginning of Year			676,879	
Fund Balance - End of Year			$ 5,205,979	

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Major Special Revenue Fund - Accommodations Tax Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Accommodations Tax Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other Taxes and Licenses	$ 1,200,000	$ 1,200,000	$ 1,216,001	$ 16,001
Investment Earnings	-	-	75	75
Total Revenues	1,200,000	1,200,000	1,216,076	16,076
Expenditures				
Current				
Tourism	75,582	75,582	24,070	51,512
Total Expenditures	75,582	75,582	24,070	51,512
Revenues Over (Under) Expenditures	1,124,418	1,124,418	1,192,006	67,588
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	821,414	$ 821,414
Transfers to Other Funds	(1,339,388)	(1,339,388)	(750,000)	589,388
Total Other Financing Sources (Uses)	(1,339,388)	(1,339,388)	71,414	1,410,802
Fund Balance Appropriated	214,970	214,970	-	214,970
Net Change in Fund Balance	$ -	$ -	1,263,420	$ 1,263,420
Fund Balance - Beginning of Year			3,858,214	
Fund Balance - End of Year			$ 5,121,634	

This page was left blank intentionally

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Major Funds		Non-Major Funds	
	Water Fund	Wastewater Fund	Other Enterprise Funds	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 16,810,595	$ 14,122,831	$ 447,603	$ 31,381,029
Accounts Receivables (net):	1,041,644	1,733,350	294,222	3,069,216
Inventories	248,142	386,832	18,975	653,949
Prepaid Items	-	-	6,733	6,733
Total Current Assets	18,100,381	16,243,013	767,533	35,110,927
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	102,427	6,697,150	-	6,799,577
Assessments Receivables (net):	-	368,575	-	368,575
Sewer District Fees Receivable (net)	-	139,360	-	139,360
Accrued Interest Receivable	-	75,367	-	75,367
Total Restricted Assets	102,427	7,280,452	-	7,382,879
Other Assets				
Prepaid Bond Insurance Costs	-	612,748	-	612,748
Capital Assets				
Land and Construction in Progress	145,068	3,304,611	2,481,943	5,931,622
Other Capital Assets, Net of Depreciation	4,551,797	86,314,585	885,015	91,751,397
Capital Assets	4,696,865	89,619,196	3,366,958	97,683,019
Total Non-Current Assets	4,799,292	97,512,396	3,366,958	105,678,646
TOTAL ASSETS	22,899,673	113,755,409	4,134,491	140,789,573
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	123,439	137,997	108,857	370,293
OPEB Deferrals	-	22,653	4,390	27,043
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 123,439	$ 160,650	$ 113,247	$ 397,336

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Major Funds		Non-Major Funds	
	Water Fund	Wastewater Fund	Other Enterprise Funds	Total
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 154,561	$ 63,991	$ 171,072	$ 389,624
Salaries Payable	18,072	24,634	17,648	60,354
Accrued Interest Payable	-	299,874	-	299,874
Due to Other Funds	-	-	-	-
Customer Deposits	102,427	-	-	102,427
Compensated Absences Payable, Current	40,270	69,584	34,852	144,706
Revenue Notes Payable, Current	-	713,739	-	713,739
Revenue Bonds Payable, Current	-	3,230,000	-	3,230,000
Total Current Liabilities	315,330	4,401,822	223,572	4,940,724
Non-current Liabilities				
Other Postemployment Benefits	639,808	382,529	337,126	1,359,463
Net Pension Liability	189,994	251,236	177,064	618,294
Revenue Notes Payable, Non-current	-	6,723,607	-	6,723,607
Revenue Bonds Payable, Non-current	-	72,030,217	-	72,030,217
Total Non-Current Liabilities	829,802	79,387,589	514,190	80,731,581
TOTAL LIABILITIES	1,145,132	83,789,411	737,762	85,672,305
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	43,822	-	-	43,822
Pension Deferrals	1,042	1,420	1,074	3,536
OPEB Deferrals	-	11,914	13,180	25,094
TOTAL DEFERRED INFLOWS OF RESOURCES	44,864	13,334	14,254	72,452
NET POSITION				
Net Investment in Capital Assets	4,721,807	14,231,526	3,360,124	22,313,457
Restricted Customer Deposits	102,427	-	-	102,427
Unrestricted	17,008,882	15,881,788	135,598	33,026,268
NET POSITION OF BUSINESS-TYPE ACTIVITIES	$ 21,833,116	$ 30,113,314	$ 3,495,722	$ 55,442,152

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Major Funds		Non-Major Funds	
	Water Fund	Wastewater Fund	Other Enterprise Funds	Total
Revenues				
Charges for Services	$ 4,174,818	$ 13,289,985	$ 2,014,626	$ 19,479,429
Other Operating Revenues	376,183	-	-	376,183
Total Operating Revenues	4,551,001	13,289,985	2,014,626	19,855,612
Operating Expenses				
Administration	288,132	-	413,225	701,357
Water Purchases	1,162,624	-	-	1,162,624
Waste Collection and Treatment	-	6,009,689	1,404,514	7,414,203
Maintenance	1,246,118	-	94,507	1,340,625
Other Operating	-	-	467,669	467,669
Depreciation	340,099	4,234,494	150,450	4,725,043
Total Operating Expenses	3,036,973	10,244,183	2,530,365	15,811,521
Operating Income (Loss)	1,514,028	3,045,802	(515,739)	4,044,091
Non-Operating Revenues (Expenses)				
Investment Earnings	-	5,271	-	5,271
Assessment Interest	-	42,365	-	42,365
System Development Fees	-	466,303	-	466,303
Interest and Other Charges	-	(6,710,323)	-	(6,710,323)
Sale of Capital Assets	-	-	-	-
Total Non-Operating Revenues (Expenses)	-	(6,196,384)	-	(6,196,384)
Income (Loss) Before Contributions and Transfers	1,514,028	(3,150,582)	(515,739)	(2,152,293)
Capital Contributions	103,298	286,909	4,614	394,821
Transfers In	-	289,800	490,000	779,800
Transfers Out	(187,000)	(266,000)	(30,000)	(483,000)
Change in Net Position	1,430,326	(2,839,873)	(51,125)	(1,460,672)
Net Position- Beginning	20,402,790	32,953,187	3,546,847	56,902,824
Total Net Position - Ending	$ 21,833,116	$ 30,113,314	$ 3,495,722	$ 55,442,152

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

This page was left blank intentionally

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Funds		Non-Major	
	Water Fund	Wastewater Fund	Enterprise Funds	Total
Cash Flows from Operating Activities				
Cash Received from Customers	$ 4,074,602	$ 14,167,825	$ 1,993,836	$ 20,236,263
Cash Paid for Goods and Services	(1,961,409)	(5,354,490)	(1,471,491)	(8,787,390)
Cash Paid to Employees	(625,879)	(876,239)	(832,293)	(2,334,411)
Customer Deposits Received	55,754	-	-	55,754
Customer Deposits Returned	(57,142)	-	-	(57,142)
Other Operating Revenue	376,094	-	-	376,094
Net Cash Provided by (Used in) Operating Activities	1,862,020	7,937,096	(309,948)	9,489,168
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	-	-	-	-
Sale of Materials	-	-	-	-
Transfers from Other Funds	-	289,800	490,000	779,800
Transfers to Other Funds	(187,000)	(266,000)	(30,000)	(483,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	(187,000)	23,800	460,000	296,800
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(57,512)	(138,117)	(53,727)	(249,356)
Proceeds from Sale of Capital Assets	-	-	-	-
Principal Paid on Debt	-	(3,772,867)	-	(3,772,867)
Interest and Other Charges	-	(6,710,323)	-	(6,710,323)
Sewer Assessment Interest	-	42,365	-	42,365
Contributions	103,298	520,535	4,614	628,447
Net Cash Used by Capital and Related Financing Activities	45,786	(10,058,407)	(49,113)	(10,061,734)
Cash Flows Provided by Investing Activities				
Interest on Investments	-	5,271	-	5,271
Net Cash Provided by Investing Activities	-	5,271	-	5,271
Net Increase (Decrease) in Cash and Cash Equivalents	1,720,806	(2,092,240)	100,939	(270,495)
Cash and Cash Equivalents -July 1	15,192,216	22,912,221	346,664	38,451,101
Cash and Cash Equivalents - June 30	$ 16,913,022	$ 20,819,981	$ 447,603	$ 38,180,606

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Cash Flows-Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Funds		Non-Major	
	Water Fund	Wastewater Fund	Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 1,514,028	$ 3,045,802	$ (515,739)	$ 4,044,091
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	340,099	4,193,770	131,006	4,664,875
Changes in Assets and Liabilities				
(Increase) Decrease in:				
Receivables	(100,304)	777,262	(20,789)	656,169
Inventory	47,427	(78,285)	(15,482)	(46,340)
Prepaid Items	-	-	(6,733)	(6,733)
Deferred Outflows of Resources for Pensions	9,898	13,089	7,047	30,034
Deferred Outflows of Resources for OPEB	-	(22,653)	(4,390)	(27,043)
Increase (Decrease) in:				
Net Pension Liability	26,040	39,759	32,885	98,684
Deferred Inflows of Resources for Pensions	(2,206)	(3,057)	(2,254)	(7,517)
Deferred Inflows of Resources for OPEB	-	(9,604)	(1,862)	(11,466)
Accounts Payable	19,778	(125,437)	70,874	(34,785)
Customer Deposits	(1,388)	-	-	(1,388)
Unearned Revenue	401	13,365	-	13,766
Accrued Wages	5,760	7,818	6,151	19,729
Accrued Vacation Pay	2,487	21,727	(3,143)	21,071
OPEB Liability	-	63,540	12,481	76,021
Total Adjustments	347,992	4,891,294	205,791	5,445,077
Net Cash Provided by (Used in) Operating Activities	$ 1,862,020	$ 7,937,096	$ (309,948)	$ 9,489,168

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.

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.

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.

The Town reports the following non-major governmental funds:

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.

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.

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	$	463,663
	Stabilization by State Statute		465,873
Total Governmental Activities		$	929,536
Business-type Activities			
Water Fund	Customer Deposists	$	102,427
Wastewater Fund	Unexpended Bond Revenue		6,697,150
Total Business-type Activities		$	6,799,577
Total Restricted Cash		$	7,729,113

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, 2019. 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.

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.

Prepaids – 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 prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face 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 Tourism – portion of fund balance that is restricted by revenue source for certain tourism related purposes. This amount represents the balance of the unexpended accommodations tax receipts.

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.

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 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.

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, 2020, the Town's deposits had a carrying amount of $57,250,302 and a bank balance of $54,954,307. 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, 2020, the Town's petty cash funds totaled $2,010. The carrying amount of deposits for the ABC Board was $1,012,437 and the bank balance was $973,475. Of the bank balance, $360,181 was covered by federal depository insurance and the remainder was maintained in institutions collateralizing deposits using the pooling method. At June 30, 2020, the ABC Board's cash on hand totaled $1,500.

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, 2020 The Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Market	$ 2,852,414	N/A	AAAm
US Bank	Market	$ 6,346,073	N/A	AAAm
Total:		$ 9,198,487		

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, 2020 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes Receivable	10,456
Total General Fund	10,456
Enterprise Funds:	
Water Fund -Accounts Receivable	80,630
Wastewater Fund:	
Accounts Receivable	75,963
Sewer District Fees	1,408
Stormwater Fund	16
Solid Waste Fund	29,881
Total Enterprise Funds	187,898
Total	$ 198,354

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, 2020, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 9,254,457	$ -	$ -	$ 9,254,457
Construction in progress	-	-	-	-
Total capital assets not being depreciated	9,254,457	-	-	9,254,457
Capital assets being depreciated:				
Buildings	17,143,111	8,100	-	17,151,211
Motor vehicles	2,118,559	487,273	311,300	2,294,532
Heavy motor vehicles	2,162,591	111,211	125,751	2,148,051
Equipment	1,506,970	30,381	81,941	1,455,410
Office equipment	177,840	-	-	177,840
Other structures/improvements	3,445,747	178,016	104,215	3,519,548
Computers/electrical equipment	815,648	-	-	815,648
Infrastructure	3,721,770	-	-	3,721,770
Total capital assets being depreciated:	31,092,236	814,981	623,207	31,284,010
Less accumulated depreciation for:				
Buildings	4,981,735	436,576	-	5,418,311
Motor vehicles	1,521,605	266,004	187,279	1,600,330
Heavy motor vehicles	2,024,594	188,624	125,751	2,087,467
Equipment	1,268,346	51,667	81,941	1,238,072
Office equipment	172,070	4,011	-	176,081
Other structures/improvements	1,601,599	157,757	104,251	1,655,105
Computers/electrical equipment	718,144	21,304	-	739,448
Infrastructure	1,320,019	123,867	-	1,443,886
Total accumulated depreciation	13,608,112	1,249,810	499,222	14,358,700
Total capital assets being depreciated, net	17,484,124			16,925,310
Governmental activities capital assets, net	$ 26,738,581			$ 26,179,767

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	$ 69,906
Public safety	723,091
Transportation	266,004
Cultural and recreational	190,809
Total depreciation expense	$ 1,249,810

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund				
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	314,348	57,512	24,942	346,918
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:	10,288,312	57,512	24,942	10,320,882
Less accumulated depreciation for:				
Buildings	81,792	2,197	-	83,989
Motor vehicles	275,811	47,635	24,942	298,504
Equipment	481,359	154,673	-	636,032
Computers/electrical equipment	93,619	-	-	93,619
Utility systems I	1,308,845	42,329	-	1,351,174
Utility systems III	3,212,502	93,265	-	3,305,767
Total accumulated depreciation	5,453,928	340,099	24,942	5,769,085
Total capital assets being depreciated, net	4,834,384			4,551,797
Water Fund capital assets, net	$ 4,979,452			$ 4,696,865

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Wastewater Fund				
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	13,266,014	29,730	-	13,295,744
Motor vehicles	161,298	36,407	-	197,705
Heavy motor vehicles	180,711	-		180,711
Equipment	8,904,099	45,257	40,724	8,908,632
Utility systems I	27,067	-	-	27,067
Utility systems II	85,279,342	26,723		85,306,065
Intangible assets	11,961,437	-	-	11,961,437
Total capital assets being depreciated:	119,779,968	138,117	40,724	119,877,361
Less accumulated depreciation for:				
Buildings	2,855,968	352,880	-	3,208,848
Motor vehicles	116,045	16,771	-	132,816
Heavy motor vehicles	180,711	-	-	180,711
Equipment	6,636,169	1,195,699	40,724	7,791,144
Utility systems I	12,371	-	-	12,371
Utility systems II	16,644,207	2,270,238	-	18,914,445
Intangible assets	3,208,932	398,906	-	3,607,838
Total accumulated depreciation	29,654,403	4,234,494	40,724	33,848,173
Total capital assets being depreciated, net	90,125,565			86,029,188
Wastewater Fund capital assets, net	$ 93,715,573			$ 89,619,196

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Fund				
Capital assets being depreciated:				
Buildings	$ 5,304	$ -	$ -	$ 5,304
Motor vehicles	23,250	-	-	23,250
Heavy motor vehicles	999,138	-	-	999,138
Total capital assets being depreciated:	1,027,692	-	-	1,027,692
Less accumulated depreciation for:				
Buildings	4,334	969	-	5,303
Motor vehicles	17,572	2,645	-	20,217
Heavy motor vehicles	763,871	34,220	-	798,092
Total accumulated depreciation	785,777	37,834	-	823,612
Total capital assets being depreciated, net	241,915			204,080
Solid Waste Fund capital assets, net	$ 241,915			$ 204,080

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
South Harbor Golf Course Fund				
Capital assets not being depreciated:				
Land	$ 1,404,610	$ -	$ -	$ 1,404,610
Total capital assets not being depreciated	1,404,610	-	-	1,404,610
Capital assets being depreciated:				
Buildings	98,205	-	-	98,205
Equipment	170,849	-	-	170,849
Total capital assets being depreciated:	269,054	-	-	269,054
Less accumulated depreciation for:				
Buildings	28,234	2,455	-	30,689
Equipment	101,778	15,260	-	117,038
Total accumulated depreciation	130,012	17,715	-	147,727
Total capital assets being depreciated, net	139,042			121,327
SHGC Fund capital assets, net	$ 1,543,652			$ 1,525,937

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Stormwater Fund				
Capital assets being depreciated:				
Buildings	$ -	$ -	$ -	$ -
Motor vehicles	29,038	29,478	12,610	45,906
Heavy motor vehicles	173,751	-	-	173,751
Equipment	253,476	-	-	253,476
Infrastructure	37,154	-	-	37,154
Total capital assets being depreciated:	493,419	29,478	12,610	510,287
Less accumulated depreciation for:				
Buildings	-	-	-	-
Motor vehicles	29,038	3,439	12,610	19,867
Heavy motor vehicles	44,886	17,375	-	62,261
Equipment	141,325	18,242	-	159,567
Infrastructure	11,664	1,238	-	12,902
Total accumulated depreciation	226,913	40,294	12,610	254,597
Total capital assets being depreciated, net	266,506			255,690
Stormwater Fund capital assets, net	$ 266,506			$ 255,690

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Pier Complex Fund				
Capital assets not being depreciated:				
Land	$ 1,077,333	$ -	$ -	$ 1,077,333
Total capital assets not being depreciated	1,077,333	-	-	1,077,333
Capital assets being depreciated:				
Buildings	216,383	-	-	216,383
Equipment	16,860	15,644	-	32,504
Infrastructure	474,446	8,605	-	483,051
Total capital assets being depreciated:	707,689	24,249	-	731,938
Less accumulated depreciation for:				
Buildings	119,961	32,601	-	152,562
Equipment	12,500	2,347	-	14,847
Infrastructure	260,396	215	-	260,611
Total accumulated depreciation	392,857	35,163	-	428,020
Total capital assets being depreciated, net	314,832			303,918
Pier Complex Fund capital assets, net	$ 1,392,165			$ 1,381,251
Business-type activities capital assets, net	$ 102,139,263			$ 97,683,019

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, 2020 was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 101,178	$ -	$ -	$ 101,178
Total capital assets not being depreciated	101,178	-	-	101,178
Capital assets being depreciated:				
Buildings	330,523	-	-	330,523
Other improvements	15,000			15,000
Equipment and furniture	146,719	19,000	-	165,719
Total capital assets being depreciated:	492,242	19,000	-	511,242
Less accumulated depreciation for:				
Buildings	149,420	8,263	-	157,683
Other improvments	15,000	-	-	15,000
Equipment and furniture	118,385	9,592	-	127,977
Total accumulated depreciation	282,805	17,855	-	300,660
Total capital assets being depreciated, net	209,437			210,582
ABC Board capital assets, net	$ 310,615			$ 311,760

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

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, 2020, was 9.70% of compensation for law enforcement officers and 9.03% 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 $606,649 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of $2,525,010 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Town's proportion was .09246%, which was an increase of 0.00445% from its proportion measured as of June 30, 2018.

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, 2020, the Town recognized pension expense of $1,125,411. At June 30, 2020, 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	$ 432,346	$ -
Changes of assumptions	411,535	-
Net difference between projected and actual earnings on pension plan investments	61,588	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	56,023	13,548
Town contributions subsequent to the measurement date	606,649	-
Total	$ 1,568,141	$ 13,548

$606,649 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ 455,425
2021	151,821
2022	259,814
2023	80,885
2024	-
Thereafter	-
	$ 947,945

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, 2018 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, 2018 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.

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, 2019 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 2018 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%)
$ 5,775,161	$ 2,525,010	$ (176,523)

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 Comprehensive Annual Financial Report (CAFR) 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, 2018, 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.

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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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 $35,690 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, 2020, the Town reported a total pension liability of $703,191. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of $72,620.

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	$ 83,619	$ 49,154
Changes of assumptions and other inputs	37,375	22,712
Benefit payments and plan administrative expenses made subsequent to the measurment date	-	-
Total	$ 120,994	$ 71,866

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 inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	34,499
2022	34,499
2023	34,499
2024	12,545
2025	4,952
Thereafter	-

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	$ 759,990	$ 703,191	$ 651,267

Town of Oak Island, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special SeparationAllowance
June 30, 2020

	2020
Beginning balance	$ 724,322
Service Cost	27,677
Interest on the total pension liability	25,716
Changes of benefit terms	-
Differences between expeted and actual experience in the measurement of the total pension liability	(59,124)
Changes of assumptions or other inputs	20,290
Benefit payments	(35,690)
Other changes	-
Ending balance of the total pension liability	$ 703,191

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

	LGERS	LEOSSA	Total
Pension Expense	$ 1,125,411	$ 72,620	$ 1,198,031
Pension Liability	2,525,010	703,191	3,228,201
Proportionate share of the net pension liability	0.09246	n/a	0.09246
Deferred Outflows of Resources			
Differences between expected and actual experience	432,346	83,619	515,965
Changes of assumptions	411,535	37,375	448,910
Net difference between projected and actual earnings on plan investments	61,588	-	61,588
Changes in proportion and differences between contributions and proportionate share of contributions	56,023	-	56,023
Benefit payments and administrative costs paid subsequent to the measurment date	606,649	-	606,649
Deferred Inflows of Resources			
Differences between expected and actual experience	-	49,154	49,154
Changes of assumptions	-	22,712	22,712
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,548	-	13,548

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, 2020 were $253,124, which consisted of $186,494 for general employees the Town and $66,630 for the law enforcement officers. No amounts were forfeited.

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 credible 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.

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 December 31, 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 $4,014,582 was measured as of June 30, 2019 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	3.5 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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan and Postemployment Obligations (Continued)

d. Other Postemployment Benefit (Continued)

	Total OPEB Liability
Balance at June 30, 2018	$ 3,740,356
Service Cost	178,525
Interest	142,463
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	37,311
Changes of assumptions or other inputs	73,552
Benefit payments	(157,625)
Net changes	274,226
Balance at June 30, 2019	$ 4,014,582

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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
$ 4,398,248	$ 4,014,582	$ 3,669,878

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
Town's proportionate share of the net pension liability (asset)	$ 3,576,226	$ 4,014,582	$ 4,536,550

For the year ended June 30, 2020, the Town recognized OPEB expense of $296,660. At June 30, 2020, 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	$ 39,502	$ 89
Changes of assumptions and other inputs	64,764	208,543
Benefit payments and plan administrative expenses made subsequent to the measurment date	-	-
Total	$ 104,266	$ 208,632

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

Year ended June 30:	
2020	26,488
2021	26,488
2022	26,488
2023	26,488
2024	19,549
Thereafter	(21,135)

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 of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	$ 606,649
Benefit payments made and administrative expenses for LEOSSA	-
Benefit payments made and administrative expenses for OPEB	-
Differences between expected and actual experience	515,965
Changes of assumptions and other inputs	448,910
Net difference between projected and actual earnings	61,588
Changes in proportion and differences between Town contributions and proportionate share of contributions	56,023
Total	$ 1,689,135

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)	$ 27,655	$ 21,618
Prepaid Assessments (Water and Water Sewer Fund)	43,822	
Taxes receivable, less penalties (General Fund and Beach Renourishment Fund)	-	70,843
Changes in assumptions	22,712	-
Differences between expected and actual experience	49,154	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,548	-
Total	$ 156,891	$ 92,461

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.

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, 2020, 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 action is a potential class action against the Town brought by a builder who alleges it paid "impact fees" (water and sewer capacity or impact fees) to the Town. The suit was filed on July 10th, 2019. The Plaintiff is attempting to certify as a class all developers/persons who paid such fees to the Town within the three years preceding the filing of the suit. The Interlocal Risk Financing Fund of North Carolina (the Town's risk pool) retained Dan Hartzog, Jr. to defend the action. Mr. Hartzog and his firm are defending several other similar suits filed throughout the State of North Carolina. This case is presently in the discovery phase. The Town is vigorously defending and intends to proceed to the highest level of appellate court if the Town does not prevail. The Town predominant defense that all impact fees charged to builders and developers were equitable and just and represent costs associated with said builders and developers use of the existing water and sewer systems, not for future expansion of the town's systems. The Town will move for summary judgment in this case at the conclusion of discovery. If the Court rules in favor of the Plaintiff on the merits and on class action certification and enters judgment accordingly, the Town will then appeal to the North Carolina Court of Appeals. If the Court rules in favor of the Town, the Plaintiff will likewise likely appeal to the North Carolina Court of Appeals. Any decision from the North Carolina Court of Appeals would take over a year, and the appeal could be further prolonged by at least another year if either party appeals to the North Carolina Supreme Court. Because of the uniqueness of the Town's defense in this action, there are no similar cases that allow an accurate prediction of the outcome. The most that I can say is that, in my opinion, the Town has the better position on liability. Part of the problem in making prediction in this action is that the decision from our appellate courts is subject to the political makeup of the appellate court that ultimately addresses the issues. The composition of the Court of Appeals' judges hearing any given matter is always an unknown. The composition of the North Carolina Supreme Court could change before this case is finally decided. If the Town were to lose on liability, and if class action is certified, the Town could face significant liability however that number in unknown at this time. This case is only six months old and the Town is presently assessing the amount of impact fees at issue.

III. DETAIL NOTES ON ALL FUNDS (Continued)

A. Liabilities (Continued)

5. Claims, Judgments and Contingent Liabilities (Continued)

2). ***Cashwell, et al v. Town of Oak Island*** This case was initially filed August 30, 2019, constitutes Brad Johnson's fourth challenge to Oak Island's SDF (see discussion on Johnson, el al v. Oak Island, above). The Complaint and First Amended Complaint purport to assert claims, among other matters, for violation of equal protection and taking of property without just compensation in violation of the United States Constitution. There is no real distinction between the Plaintiffs' state and federal constitutional claims. The Supreme Court of North Carolina has held the requirements of equal protection and due process are, for all practical purposes, the same under both the State and Federal Constitutions. In February of this year the North Carolina Supreme Court upheld the legality of the Town's assessment of Sewer District Fees under the North Carolina Constitution so once the Court resumes in person motion hearings we will move to dismiss this case at which time I believe the Court will grant our motion and dismiss this case.

3). ***Hearn v. Town of Oak Island.*** On October 19, 2020 former Oak Island Police Officer Christina Hearn filed a lawsuit in federal court alleging the Town unconstitutionally terminated her on August 2, 2019. The Town denies these allegations and is confident in its position in this case. I am of the opinion that Town is not liable to Ms. Hearn and will ultimately prevail in this action.

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. These installment purchase contracts are outlined as follows:

Governmental Activities

On July 1, 2015, the Town entered into an installment purchase contract with BB&T for construction of police headquarters, due in annual principal installments of $320,000 plus interest of 2.25% through September 2021.

On July 1, 2015 the Town entered into an installment purchase contract with BB&T for construction of fire stations at Yaupon Beach and South Harbour, due in annual principal installments of $572,100 plus interest of 2.25% through September 2021.

On July 1, 2015, the Town entered into an installment purchase contract with BB&T for additional financing for the construction of police headquarters, due in annual principal installments of $153,528 in odd years, and $158, 528 in even years, plus interest of 2.25% through September 2021.

On July 1, 2015, the Town entered into an installment purchase contract with BB&T for the construction of Town Hall, due in annual principal installments of $588,000 plus interest of 2.25% through September 2021.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations

a. Installment Purchases

Annual debt service payments of the installment purchases as of June 30, 2020, including $46,368 of interest, are as follows:

	Governmental-Type Activites	
Years Ending June 30:	Principal	Interest
2021	1,633,628	46,368
Total	$ 1,633,628	$ 46,368

b. 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 no future withdrawals.

Annual debt service payments of the revolving loans as of June 30, 2019, including $924,598 of interest, are as follows:

	Business-type Activities	
Years Ending June 30:	Principal	Interest
2021	713,739	170,141
2022	729,975	153,906
2023	746,582	137,299
2024-2028	3,995,646	423,756
2029-2030	1,251,404	39,496
Total	$ 7,437,346	$ 924,598

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Revenue Bonds

$38,715,000 Enterprise System Bonds, series 2015, net of $3,452,605 issuance premium issued forwastewater 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%.	42,167,605
$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%.	33,092,612
	$ 75,260,217

The future payments of the revenue bonds are as follows:

Years Ending June 30:	Principal	Interest
2021	3,558,630	3,111,319
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
2026-2030	24,238,150	9,078,495
2031-2035	29,935,287	4,069,532
Thereafter	1,603,630	47,669
Total	$ 75,260,217	$ 27,054,791

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.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Revenue Bonds (Continued)

The debt service coverage calculation for the year ended June 30, 2020 is as follows:

Operating and Non-operating Revenues	$	10,510,594
Sewer District Fee		6,985,498
Sewer Assessment Revenue		858,833
Total Revenues*		18,354,925
Current Expenses**		(8,706,563)
Income Available for Debt Service		9,648,362
15% of the Balance of the Revenue Fund		4,933,601
Total		14,581,963
100% of the Long Term Debt Service requirement for parity indebtedness, subordinated indebtedness, System G.O. indebtedness, and System Other Indebtedness for 2020.		7,392,384
Additional 20% of the Long Term Debt Service Requirement for Parity Indebtedness for 2020.		1,298,526
Total	$	8,690,910
Coverage Test 704(a)		1.68
Coverage Test 704(b)		1.31

*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 $858,833 in assessment revenue was included.

*Per rate covenants, this does not include depreciation expense of $4,574,593.
** Per rate covenants, this does not include revenue bond interest expense of $3,447,583.

The Town has pledged future water and wastewater customer revenues, net of specified current expenses, to repay $78,660,783 in water and wastewater revenue bonds issued in January 2011 and 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 $102,315,008. Principal and interest paid for the current year was $7,220,450. Section 706 (b) of the Bond Order requires that the amount held by the Trustee be reported in the audit report.

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Revenue Bonds (Continued)

At June 30, 2020 US Bank and North Carolina Cash Management Trust as Trustees for the Town of Oak Island held the following deposits:

Enterprise Systems Bonds, Series 2011 Special Reserve Account	$ 351,145
Enterprise Systems Bonds, Series 2015 Special Reserve Account	3,562,028
Enterprise Systems Bonds, Series 2017 Special Reserve Account	2,783,977
Total on deposit with trustee	$ 6,697,150

d. Changes in Long-Term Liabilities

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Installment purchase	$ 3,267,256	$ -	$ (1,633,628)	$ 1,633,628	$ 1,633,628
Compensated absences	423,788	33,101	-	456,889	-
Other postemployment benefits	2,456,914	198,205	-	2,655,119	-
Net pension liability (LGERS)	1,568,291	338,425	-	1,906,716	-
Total Pension Liability	724,322	-	(21,131)	703,191	-
Governmental activity long-term liabilities	$ 8,440,571	$ 569,731	$ (1,654,759)	$ 7,355,543	$ 1,633,628
Business-type activities:					
State revolving loan	8,134,994	-	(697,648)	7,437,346	713,739
Revenue bonds	78,660,783	-	(3,400,566)	75,260,217	3,230,000
Compensated absences	123,635	21,071	-	144,706	-
Other postemployment benefits	1,283,442	76,021	-	1,359,463	-
Net pension liability (LGERS)	519,610	98,684	-	618,294	-
Business-type activities long-term liabilities	$ 88,722,464	$ 195,776	$ (4,098,214)	$ 84,820,026	$ 3,943,739

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist if the following:

From the General Fund to the Solid Waste Fund	$	265,000
From the General Fund to the Wastewater Fund		268,800
From the General Fund to the South Harbour Golf Course Fund		85,000
From the General Fund to the Pier Complex Fund		140,000
From the General Fund to the Capital Reserve Fund		162,500
From the Accomodations Fund to the Beach Renourishment Fund		750,000
From the Beach Tax Fund to the Beach Beach Renourishment Fund		500,000
From the Pier Project Fund to the Accommodations Tax Fund		821,414
From the Water Fund to the Wastewater Fund		21,000
From the Water Fund to the Capital Reserve Fund		266,000
From the Stormwater Fund to the Capital Reserve Fund		30,000
From the Sewer District Fund to the Wastewater Fund		6,820,756
Total	$	10,130,470

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 2020 fiscal year, the Town made a one-time transfer from the General Fund to the Solid Waste Fund of $265,000 for repairs made from Hurricane damage.

During the 2020 fiscal year, the Town made a one-time transfer from the General Fund to the Wastewater Fund of $268,800 for Wastewater Assessments for the Town.

During the 2020 fiscal year, the Town made a one-time transfer from the General Fund to the South Harbour Golf Course Fund of $85,000 to assist with the funding of the maintenance of the Golf Course.

During the 2020 fiscal year, the Town made a one-time transfer from the General Fund to the Pier Complex Fund of $140,000 for repairs of the Pier Complex.

During the 2020 fiscal year, the Town made transfers of $162,500 from the General Fund to the Capital Reserve Fund for future capital outlay.

During the 2020 fiscal year, the Town made a one-time transfer from the Accommodations Tax Fund to the Beach Renourishment Fund of $750,000 to assist with beach renourishment costs caused by various Hurricanes.

During the 2020 fiscal year, the Town made a one-time transfer from the Beach Tax Fund to the Beach Renourishment Fund of $500,000 to assist with beach renourishment costs caused by various Hurricanes.

III. DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity (Continued)

During the 2020 fiscal year, the Town made a one-time transfer from the Pier Project Fund to the Accommodations of $821,414 for reimbursement of payments made for assistance with repairs to the Pier.

During the 2020 fiscal year, the Town made a one-time transfer from the Water Fund to the Wastewater Fund of $21,000 to assist in the funding of the debt service of the Wastewater Fund.

During the 2020 fiscal year, the Town made a one-time transfer of $266,000 from the Water Fund to the Capital Reserve Fund for future capital outlay.

During the 2020 fiscal year, the Town made a one-time transfer from the Stormwater Fund to the Capital Reserve Fund of $30,000 for future capital outlay.

During the 2020 fiscal year, the Town made a one-time transfer from the Sewer District Fund to the Wastewater Fund of $6,820,756 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	$	16,749,248
Less:		
Inventories		12,550
Prepaids		51,590
Stabilization by State Statute		465,873
Streets-Powell Bill		463,663
Appropriated Fund Balance in 2020 budget		-
Remaining Fund Balance	$	15,755,572

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 $1,673 to the Council during the fiscal year ended June 30, 2019. Complete financial information for the Council can be obtained from the Council's administrative offices at 1480 Harbour Drive, Wilmington, NC 28401.

IV. JOINTLY GOVERNED ORGANIZATION (Continued)

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, 2020, 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, 2020. Complete financial information for the Airport Commission can be obtained at the airport's administrative offices at 380 Long Beach Road, Southport, NC 28461.

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, 2019 the Town of Oak Island recorded $2,808,105 in capacity fees and $509,952 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, 2020 were evaluated by management on November 24, 2020 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, there are no events that require disclosure in these financial statements.

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 Six Fiscal Years*
Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015
Oak Island's Proportion of the Net Pension Liability (Asset) (%	**0.09246%**	0.08801%	0.08645%	0.08699%	0.09498%	0.09820%
Oak Island's Proportion of the Net Pension Liability (Asset) ($)	**$ 2,525,010**	$ 2,087,901	$ 1,320,717	$ 1,846,219	$ 426,265	$ (579,307)
Oak Island's Covered-Employee Payroll	**$ 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	**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%

* 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 Six Fiscal Years
Local Government Employee's Retirement System

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	**$ 606,649**	$ 502,111	$ 444,399	$ 397,390	$ 372,877	$ 367,082
Contributions in Relation to the Contractually Required Contribution	**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	**$ 6,736,735**	$ 6,312,651	$ 5,743,021	$ 5,266,305	$ 5,453,950	$ 5,142,211
Contributions as a Percentage of Covered-Employee Payroll	**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, 2020

	2020	2019	2018	2017
Beginning balance	**$ 724,322**	$ 682,477	$ 519,423	$ 518,458
Service Cost	**27,677**	30,143	27,560	26,520
Interest on the total pension liability	**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	**(59,124)**	52,430	95,673	-
Changes of assumptions or other inputs	**20,290**	(26,040)	40,811	(12,934)
Benefit payments	**(35,690)**	(35,690)	(20,641)	(30,584)
Other changes	**-**	-	-	-
Ending balance of the total pension liability	**$ 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, 2020

	2020	2019	2018	2017
Total pension liability	**$ 703,191**	$ 724,322	$ 682,477	$ 519,423
Covered payroll	**1,375,358**	1,256,034	1,168,794	1,083,115
Total pension liability as a percentage of covered payroll	**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, 2020

Total OPEB Liability	**2020**	2019	2018
Service Cost	**$ 178,525**	$ 184,147	$ 198,295
Interest	**142,463**	129,385	111,618
Changes of benefit terms	**-**	-	-
Differences between expected and actual experience	**37,311**	8,969	(146)
Changes of assumptions or other inputs	**73,552**	(117,515)	(198,451)
Benefit payments	**(157,625)**	(196,375)	(174,331)
Net Change in total OPEB liability	**274,226**	8,611	(63,015)
Total OPEB liability-beginning	**3,740,356**	3,731,745	3,794,760
Total OPEB liability-ending	**4,014,582**	3,740,356	3,731,745
Covered payroll	**$ 6,033,368**	$ 4,408,979	$ 4,408,979
Total OPEB liability as a percentage of covered payroll	**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:

Fiscal Year	Rate
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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Current Year		$ 7,775,954	
Prior Years		24,315	
Motor Vehicle Tax		351,728	
Penalties and Interest		38,676	
Total Ad Valorem Taxes	$ 8,026,192	8,190,673	$ 164,481
Other Taxes and Licenses			
Local Option Sales Tax			
1%		816,979	
1/2% 40		447,902	
1/2% 42		422,930	
1/2% 44		418,957	
Total Other Taxes and Licenses	1,699,100	2,106,768	407,668
Unrestricted Intergovernmental			
Utility Franchise Tax		777,517	
Telecommunications Tax		18,506	
Video Programming Revenue		140,062	
ABC Profit Distribution		323,069	
Total Unrestricted Intergovernmental	768,683	1,259,154	490,471
Restricted Intergovernmental			
NC Control Substance Tax Distribution		3,778	
PARTF Grant		180,000	
Brunswick County Transit Grant		15,000	
Brunswick County Fire District Fees		1,480,672	
State Street Aid Allocation		309,863	
FEMA Reimbursement		1,143,408	
CAMA Reimbursement		1,870	
Veterans Park Brick Donations		3,810	
NCDOT Mowing Agreement		15,794	
NC Urban Forest Council Grant		4,862	
Connect NC Grant		78,276	
Total Restricted Intergovernmental	3,164,179	3,237,333	73,154
Permits and Fees			
Homeowners Recovery Fund		2,300	
Building Permits		547,914	
Inspection Fees		148,625	
Other Permits and Fees		127,294	
Total Permits and Fees	$ 509,000	$ 826,133	317,133

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Sales and Services			
Recreation Department Fees	$	$ 83,309	$
Splash Pad Rental		200	
Fire Service Fees		10,330	
Emergency Transport Fees		1,540	
Weight Room Fees		35,552	
Merchandising		6,711	
Mosquito Control		2,130	
Total Sales and Services	115,000	139,772	24,772
Investment Earnings			
General Fund		300,384	-
Total Investment Earnings	55,000	300,384	245,384
Miscellaneous			
Donations		1,060	
Civil Citations		10,829	
Fire Department Insurance Reimbursement		21,540	
Lease Revenue		439,261	
Miscellaneous		76,969	
Total Miscellaneous	17,000	549,659	532,659
Total Revenues	14,354,154	16,609,876	2,255,722
Expenditures			
Governing Board			
Salaries and Wages		47,050	
Employee Benefits		3,281	
Operating Expenditures		111,399	
Donations:			
Chamber of Commerce		5,000	
Oak Island Beautifucation		1,000	
Sea Biscuit Wildlife Shelter		2,000	
Oak Island Water Rescue		24,000	
Brunswick County Airport		15,000	
Total Governing Board	$ 289,783	$ 208,730	$ 81,053

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Administration			
Salaries and Wages	$	$ 828,790	$
Employee Benefits		322,647	
Operating Expenditures		477,479	
Hurricane Florence Repairs		238,025	
Capital Outlay		100,305	
Total Administration	2,679,376	1,967,246	712,130
Facilities Management			
Salaries and Wages		95,143	
Employee Benefits		38,529	
Operating Expenditures		174,415	
Total Facilities Management	355,858	308,087	47,771
Total General Government	3,325,017	2,484,063	840,954
Public Safety			
Police			
Salaries and Wages		1,375,358	
Employee Benefits		581,805	
Operating Expenditures		404,242	
Capital Outlay		439,261	
Total Police	2,357,210	2,800,666	(443,456)
Fire			
Salaries and Wages		1,317,217	
Employee Benefits		458,436	
Operating Expenditures		365,615	
Capital Outlay		8,733	
Total Fire	2,237,472	2,150,001	87,471
Developmental Services			
Salaries and Wages		552,688	
Employee Benefits		217,954	
Operating Expenditures		35,033	
Capital Outlay		23,166	
Total Developmental Services	850,360	828,841	21,519
Total Public Safety	$ 5,445,042	$ 5,779,508	$ (334,466)

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Transportation			
Public Works			
Administration			
Salaries and Wages	$	$ 119,041	$
Employee Benefits		51,581	
Operating Expenditures		26,489	
Total Administration, Public Works	196,970	197,111	(141)
Operations			
Salaries and Wages		169,322	
Employee Benefits		86,241	
Operating Expenditures		454,458	
Capital Outlay		167,652	
Total Operations, Public Works	852,368	877,673	(25,305)
Street Repair and Construction			
Salaries and Wages		307,759	
Employee Benefits		106,500	
Operating Expenditures		971,681	
Total Fleet Maintenance	1,442,184	1,385,940	56,244
Fleet Maintenance			
Salaries and Wages		106,251	
Employee Benefits		40,695	
Operating Expenditures		28,311	
Total Fleet Maintenance	185,618	175,257	10,361
Total Transportation	2,677,140	2,635,981	41,159
Cultural and Recreation			
Recreation			
Salaries and Wages		285,397	
Employee Benefits		112,010	
Operating Expenditures		202,822	
Capital Outlay		75,864	
Total Recreation	$ 802,025	$ 676,093	$ 125,932

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Community Resource Center			
Salaries and Wages	$	$ 106,498	$
Employee Benefits		39,447	
Operating Expenditures		8,571	
Total Community Resource Center	150,184	154,516	(4,332)
Total Cultural and Recreation	952,209	830,609	121,600
Debt Service			
Principal	1,045,628	1,633,628	(588,000)
Interest and Fees	47,054	73,513	(26,459)
Total Debt Service	1,092,682	1,707,141	(614,459)
Total Expenditures	13,492,090	13,437,302	54,788
Revenues Over (Under) Expenditures	862,064	3,172,574	$ 2,310,510
Other Financing Sources (Uses)			
Transfers from Other Funds			
Capital Reserve Fund	71,101	-	(71,101)
Beach Preservation Fund	-	51	51
Transfers to Other Funds			
Capital Reserve Fund	(322,500)	(162,500)	160,000
Solid Waste	(265,000)	(265,000)	-
Wastewater Fund	(268,800)	(268,800)	-
Pier Complex	(257,839)	(140,000)	117,839
South Harbour Golf Course Fund	(149,577)	(85,000)	64,577
Sale of Capital Assets	-	38,325	38,325
Sale of Materials	-	555	555
Total Other Financing Sources (Uses)	(1,192,615)	(882,369)	310,246
Appropriated Fund Balance	330,551	-	330,551
Net Change in Fund Balance	$ -	2,290,205	$ 2,290,205
Fund Balance - Beginning of Year		11,902,227	
Fund Balance - End of Year		$ 14,192,432	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues	$ -	$ -	$ -
Total Revenues	-	-	-
Other Financing Sources (Uses)			
Appropriated Fund Balance	(1,464,026)	-	1,464,026
Transfer from Other Funds	1,535,127	624,500	(910,627)
Transfer to Other Funds	(71,101)	-	71,101
Total Other Financing Sources (Uses)	-	624,500	624,500
Revenues and Other Financing Sources Over (Under) Expenditures	$ -	624,500	$ 624,500
Fund Balance - Beginning of Year		1,932,316	
Fund Balance - End of Year		$ 2,556,816	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
CSDM Beach Renourishment Grant		3,157,377	
Other Taxes and Licenses			
Restricted Ad Valorem Tax Receipts		1,241,053	
Other Operating Revenues			
Parking Citations		4,500	
Total Revenues	4,384,741	4,402,930	18,189
Expenditures			
Environmental Protection			
Engineering- Oak Island Master Plane		588,974	
Engineering- FEMA Turtle Restoration		518,433	
Contract Services		16,423	
Total Environmental Protection	3,164,472	1,123,830	2,040,642
Total Expenditures	3,164,472	1,123,830	2,040,642
Revenues Over (Under) Expenditures	1,220,269	3,279,100	2,058,831
Other Financing Sources (Uses)			
Transfers from Other Funds			
Beach Tax Fund		500,000	
Accommodations Tax Fund		750,000	
Total Other Financing Sources (Uses)	1,937,108	1,250,000	687,108
Appropriated Fund Balance	(3,157,377)	-	3,157,377
Revenues and Other Financing Sources Over (Under) Expenditures	$ -	4,529,100	$ 4,529,100
Fund Balance Beginning of the Year		676,879	
Fund Balance End of the Year		$ 5,205,979	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes and Licenses			
Accomodations Tax Receipts		$ 1,216,001	
Total Other Taxes and Licenses	$ 1,200,000	1,216,001	$ 16,001
Nonoperating Revenues			
Interest earnings	-	75	75
Total Revenues	1,200,000	1,216,076	16,076
Expenditures			
Tourism			
Salaries and Wages		5,881	
Fringe Benefits		450	
Professional Services		-	
Utilities		3,901	
Greenhouse		2,257	
Tourism and Marketing		6,146	
Bulkhead Repairs		400	
Contracted Services		5,035	
Ice Machine Lease		-	
Total Tourism	75,582	24,070	51,512
Total Expenditures	75,582	24,070	51,512
Revenues Over (Under) Expenditures	1,124,418	1,192,006	67,588
Other Financing Sources (Uses)			
Transfers from Other Funds			
Pier Project	-	821,414	821,414
Transfers to Other Funds			
Beach Renourishment	(1,239,388)	(750,000)	489,388
Pier Project	(100,000)	-	100,000
Total Other Financing Sources (Uses)	(1,339,388)	71,414	1,410,802
Appropriated Fund Balance	214,970	-	(214,970)
Revenues and Other Financing Sources Over (Under) Expenditures	$ -	1,263,420	1,263,420
Fund Balance Beginning of the Year		3,858,214	
Fund Balance End of the Year		$ 5,121,634	

TOWN OF OAK ISLAND, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Beach Tax Fund	Beach Preservation Fund	Pier Project Fund	COVID 19 Fund	Total Other Governmental Special Revenue Funds
Assets					
Cash and Cash Equivalents	$ 1,211,078	$ -	$ 150,737	$ 70,675	$ 1,432,490
Total Assets	1,211,078	-	150,737	70,675	1,432,490
Liabilities					
Accounts Payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances					
Restricted					
General Government	-	-	-	70,675	70,675
Environmental Protection	1,211,078	-	-	-	1,211,078
Cultural and Recreation	-	-	150,737	-	150,737
Total Fund Balances	1,211,078	-	150,737	70,675	1,432,490
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,211,078	$ -	$ 150,737	$ 70,675	$ 1,432,490

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, 2020

	Beach Tax Fund	Beach Preservation Fund	Pier Project Fund	COVID 19 Fund	Total Other Governmental Special Revenue Funds
Revenues					
Other Taxes and Licenses	$ 810,691	$ -	$ -	$ -	$ 810,691
Restricted Intergovernmental	-	-	1,444,414	98,740	1,543,154
Miscellaneous	-	835	-	-	835
Total Revenues	810,691	835	1,444,414	98,740	2,354,680
Expenditures					
General Government	-	-	-	28,065	28,065
Environmental Protection	98,252	-	-		98,252
Cultural and Recreation	-	90,183	525,217	-	615,400
Total Expenditures	98,252	90,183	525,217	28,065	741,717
Revenues Over (Under) Expenditures	712,439	(89,348)	919,197	70,675	1,612,963
Other Financing Sources (Uses)					
Transfers from Other Funds	-	-	-	-	-
Transfers to Other Funds	(500,000)	(51)	(821,414)	-	(1,321,465)
Total Other Financing Sources (Uses)	(500,000)	(51)	(821,414)	-	(1,321,465)
Net Change in Fund Balance	212,439	(89,399)	97,783	70,675	291,498
Fund Balance - Beginning of Year	998,639	89,399	52,954	-	1,140,992
Fund Balance - End of Year	$ 1,211,078	$ -	$ 150,737	$ 70,675	$ 1,432,490

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Other Taxes and Licenses		810,691	
Total Other Taxes and Licenses	794,000	810,691	16,691
Total Revenues	794,000	810,691	16,691
Expenditures			
Environmental Protection			
Lockwood Folly Dredging Project		79,390	
Other Operating Expenditures		18,862	
Total Envionmental Protection	179,390	98,252	81,138
Total Expenditures	179,390	98,252	81,138
Revenues Over (Under) Expenditures	614,610	712,439	97,829
Other Financing Sources (Uses)			
Transfers to Other Funds			
Beach Renourishment Fund	(614,610)	(500,000)	114,610
Total Other Financing Sources (Uses)	(614,610)	(500,000)	114,610
Revenues and Other Financing Sources Over (Under) Expenditures	$ -	212,439	$ 212,439
Fund Balance Beginning of the Year		998,639	
Fund Balance End of the Year		$ 1,211,078	

TOWN OF OAK ISLAND, NORTH CAROLINA
Special Revenue-Beach Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Miscellaneous			
Donations		$ 105	
Memberships		730	
Total Miscellaneous	$ 26,701	835	$ (25,866)
Total Revenues	26,701	835	(25,866)
Expenditures			
Cultural and Recreational			
Salaries		516	
Fringe Benefits		39	
Miscellaneous Supplies		3,089	
Organization Membership Dues		-	
Fundraiser Events		-	
Miscellaneous		-	
Beach Preservation Newsletter		-	
Beach Ambassador Expenses		86,238	
Beach Lover's Campaign		301	
Total Cultural and Recreational	26,650	90,183	(63,533)
Total Expenditures	26,650	90,183	(63,533)
Revenues Over (Under) Expenditures	51	(89,348)	(89,399)
Other Financing Sources (Uses)			
Transfers to Other Funds			
General Fund	(51)	(51)	-
Revenues and Other Financing Sources Over (Under) Expenditures	$ -	(89,399)	$ (89,399)
Fund Balance - Beginning of Year		89,399	
Fund Balance - End of Year		$ -	

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, 2020

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
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	184,961	1,444,414	1,629,375	(1,972,500)
Total Revenues	3,601,875	184,961	1,444,414	1,629,375	(1,972,500)
Expenditures					
Current					
Engineering Services	323,000	260,380	22,091	282,471	40,529
Pier House Improvements	185,000	154,601	19,056	173,657	11,343
Pier Construction	3,126,738	1,401,727	484,070	1,885,797	1,240,941
Total Expenditures	3,634,738	1,816,708	525,217	2,341,925	1,292,813
Revenues Over (Under) Expenditures	$ (32,863)	$ (1,631,747)	$ 919,197	$ (712,550)	$ (679,687)
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)	(90,960)	(821,414)	(912,374)	138,930
Total Other Financing Sources	32,863	1,684,701	(821,414)	863,287	691,494
Net Change in Fund Blance	$ -	$ 52,954	97,783	$ 150,737	$ 11,807
Fund Balance-Beginning of the Year			52,954		
Fund Balance-Beginning of the Year			$ 150,737		

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental			
COVID 19 Grant		$ 98,740	
Total Restricted Intergovernmental	$ 98,740	98,740	$ -
Total Revenues	98,740	98,740	-
Expenditures			
COVID 19		28,065	
Total COVID 19	98,740	28,065	70,675
Total Expenditures	98,740	28,065	70,675
Revenues Over (Under) Expenditures	-	70,675	70,675
Revenues and Other Financing Sources Over (Under) Expenditures	-	70,675	70,675
Fund Balance - Beginning of Year		-	
Fund Balance - End of Year		$ 70,675	

Individual Fund Statements and Schedules
Proprietary Funds

This page was left blank intentionally

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services:			
Utility Charges		$ 3,832,498	
Reconnect Fees		104,880	
Late Fees		30,465	
Water Taps		206,975	
Other Operating Revenues		376,183	
Total Operating Revenues	$ 3,842,255	4,551,001	$ 708,746
Nonoperating Revenues			
System Development Fees		103,298	
Interest Earnings		-	
Total Nonoperating Revenues	105,000	103,298	(1,702)
Total Revenues	3,947,255	4,654,299	707,044
Expenditures			
Water Administration			
Salaries and Wages		146,499	
Employee Benefits		52,936	
Cost of Water		1,162,624	
Other Operating Expenditures		97,751	
Capital Outlay		24,826	
Total Waste Administration	1,404,128	1,484,636	(80,508)
Water Maintenance			
Salaries and Wages		396,474	
Employee Benefits		156,314	
Other Operating Expenditures		648,057	
Capital Outlay		32,686	
Total Water Maintenance	$ 1,464,734	$ 1,233,531	$ 231,203

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Total Expenditures	$ 2,868,862	$ 2,718,167	$ 150,695
Other Financing Sources (Uses)			
Transfers In			
Wastewater Fund	-	-	-
Transfers Out			
Wastewater Fund	(725,000)	(21,000)	704,000
Capital Reserve Fund	(353,393)	(166,000)	187,393
Total Other Financing Sources (Uses)	(1,078,393)	(187,000)	891,393
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	-	1,749,132	1,749,132
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		1,749,132	
Reconciling Items:			
Capital Outlay		57,512	
Depreciation Expense		(340,099)	
Increase (Decrease) in Deferred Outflows of Resources - Pensions		(9,898)	
(Increase) Decrease in Net Pension Liability		(26,040)	
(Increase) Decrease in Deferred Inflows of Resources - Pensions		2,206	
(Increase) Decrease in:			
Accrued Vacation Pay		(2,487)	
Total Reconciling Items		(318,806)	
Change in Net Position		$ 1,430,326	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services:			
Utility Charges		$ 4,865,158	
Caswell Beach Utility Charges		302,060	
Sewer Taps		275,517	
Miscellaneous		2,919	
Total Operating Revenues	$ 5,098,282	5,445,654	$ 347,372
Nonoperating Revenues			
System Development Fees		466,303	
Assessments		858,833	
Interest on Assessments		42,364	
Interest Earned		5,271	
Total Nonoperating Revenues	622,000	1,372,771	750,771
Total Revenues	5,720,282	6,818,425	1,098,143
Expenditures			
Waste Collection			
Salaries and Wages		368,190	
Employee Benefits		147,655	
Other Operating Expenditures		816,736	
Maintenance and Repair		353,558	
Capital Outlay		81,664	
Total Waste Collection	1,680,245	1,767,803	(87,558)
Waste Treatment			
Salaries and Wages		343,869	
Employee Benefits		128,008	
County Treatment Capital Charge		2,808,105	
County Treatment Service Fees		509,952	
Other Operating Expenditures		317,327	
Maintenance and Repair		113,493	
Capital Outlay		56,453	
Total Waste Treatment	4,286,867	4,277,207	9,660
Debt Service			
Principal Payments		3,772,867	
Interest		3,447,583	
Total Debt Service	7,221,512	7,220,450	1,062
Total Expenditures	13,188,624	13,265,460	(76,836)
Revenue Over (Under) Expenditures	$ (7,468,342)	$ (6,447,035)	$ 1,021,307

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Fund Balance Appropriated	$ -	$ -	$ -
Transfers in:			
Sewer District Fund	7,069,312	6,820,756	(248,556)
Water Fund	746,000	21,000	(725,000)
General	268,800	268,800	-
Transfers out:			
Water fund	-	-	-
Capital Reserve Fund	(531,770)	(266,000)	265,770
Total Other Financing Sources (Uses)	7,552,342	6,844,556	(707,786)
Appropriated Fund Balance	(84,000)	-	(84,000)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	$ -	397,521	397,521
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		397,521	
Reconciling Items:			
Principal Retirement		3,772,867	
Amortization of Bond Issuance Costs		(41,721)	
Amortization of Premium and Discount		328,631	
Expended Restricted Bond Revenue		(3,262,735)	
Capital Outlay		138,117	
Depreciation Expense		(4,234,494)	
Increase (Decrease) in Deferred Outflows of Resources - Pensions		(13,089)	
(Increase) Decrease in Net Pension Liability		(39,759)	
(Increase) Decrease in Deferred Inflows of Resources - Pensions		3,057	
Increase (Decrease) in Deferred Outflows of Resources-OPEB		22,653	
(Increase) Decrease in Deferred Inflows of Resources-OPEB		9,604	
(Increase) Decrease in OPEB Liability		(63,540)	
(Increase) Decrease in:			
Accrued Vacation Pay		(21,727)	
Sewer District Fund			
Sewer District Fees		6,985,498	
Transfer to Wastewater Fund		(6,820,756)	
Total Reconciling Items		(3,237,394)	
Change in Net Position		$ (2,839,873)	

TOWN OF OAK ISLAND, NORTH CAROLINA
Combining Statement of Net Postion
Other Enterprise Funds
June 30, 2020

	Non-Major Enterprise Funds				
	Solid Waste Fund	South Harbour Golf Course Fund	Stormwater Fund	Pier Complex Fund	Total
ASSETS					
Current Assets					
Cash and Investments	$ 111,968	$ 62,519	$ 164,726	108,390	$ 447,603
Accounts Receivable (net)	194,144	-	100,078	-	294,222
Inventories	-	2,292	-	16,683	18,975
Prepaid Items	-	-	-	6,733	6,733
Total Current Assets	306,112	64,811	264,804	131,806	767,533
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	-	170,849	253,476	32,504	456,829
Other Structures	-	-	-	483,051	483,051
Less Accumulated Depreciation	(823,612)	(147,727)	(254,597)	(428,020)	(1,653,956)
Total Non-current Assets	204,080	1,525,937	255,690	1,381,251	3,366,958
Total Assets	510,192	1,590,748	520,494	1,513,057	4,134,491
DEFERRED OUTFLOWS OF RESOURCES					
Pension Deferrals	55,229	19,590	30,118	3,920	108,857
OPEB Deferrals	-	-	4,390	-	4,390
Total Deferred Outflows of Reources	55,229	19,590	34,508	3,920	113,247
LIABILITIES					
Current Liabilities					
Accounts Payable	105,137	7,258	14,353	44,324	171,072
Salaries Payable	5,571	2,553	3,594	5,930	17,648
Compensated Absences	18,284	7,640	7,014	1,914	34,852
Total Current Liabilities	128,992	17,451	24,961	52,168	223,572
Noncurrent Liabilities					
Other Postemployment Benefits	264,153	-	72,973	-	337,126
Net Pension Liability	86,966	33,078	48,185	8,835	177,064
Total Non-current Liabilities	351,119	33,078	121,158	8,835	514,190
Total Liabilities	480,111	50,529	146,119	61,003	737,762
DEFERRED INFLOWS OF RESOURCES					
Pension Deferrals	-	1,074	-	-	1,074
OPEB Deferrals	12,239	-	941	-	13,180
Total Deferred Inflows of Reources	$ 12,239	$ 1,074	$ 941	-	$ 14,254

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Combining Statement of Net Postion
Other Enterprise Funds
June 30, 2020

NET POSITION					
Net Investment in Capital Assets	$ 204,080	$ 1,525,937	$ 255,690	1,381,251	$ 3,366,958
Unrestricted	(131,009)	32,798	152,252	74,723	128,764
Total Net Position	$ 73,071	$ 1,558,735	$ 407,942	1,455,974	$ 3,495,722

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

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, 2020

	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	$ 1,166,703	$ 129,829	$ 486,483	$ 231,611	$ 2,014,626
Total Operating Revenues	1,166,703	129,829	486,483	231,611	2,014,626
Operating Expenses					
Administration	-	155,000	258,225	-	413,225
Waste Collection and Treatment	1,404,514	-	-	-	1,404,514
Repairs and Maintenance	-	-	94,507	-	94,507
Other Operating	-	66,457	49,737	351,475	467,669
Depreciation	57,278	17,715	40,294	35,163	150,450
Total Operating Expenses	1,461,792	239,172	442,763	386,638	2,530,365
Operating Income	(295,089)	(109,343)	43,720	(155,027)	(515,739)
Income (Loss) Before Contributions and Transfers	(295,089)	(109,343)	43,720	(155,027)	(515,739)
Contributions and Transfers					
Transfers in	265,000	85,000	-	140,000	490,000
Transfers to Other Funds	-	-	(30,000)	-	(30,000)
Contributions	4,514	100	-	-	4,614
Total Contributions and Transfers	269,514	85,100	(30,000)	140,000	464,614
Change in Net Position	(25,575)	(24,243)	13,720	(15,027)	(51,125)
Net Position - Beginning of Year	98,646	1,582,978	394,222	1,471,001	3,546,847
Net Position - End of Year	$ 73,071	$ 1,558,735	$ 407,942	$ 1,455,974	$ 3,495,722

This page was left blank intentionally

TOWN OF OAK ISLAND, NORTH CAROLINA
Combining Statement of Cash Flows
Other Enterprise Funds
For the Year Ended June 30, 2020

	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	$ 1,161,203	$ 129,829	$ 471,193	$ 231,611	$ 1,993,836
Cash Paid for Goods and Services	(1,107,370)	(60,801)	(130,347)	(172,973)	(1,471,491)
Cash Paid to Employees	(281,596)	(148,590)	(244,426)	(157,681)	(832,293)
Net Cash Provided by Operating Activities	(227,763)	(79,562)	96,420	(99,043)	(309,948)
Cash Flows from Noncapital Financing Activities					
Transfers from Other Funds	265,000	85,000	-	140,000	490,000
Transfers to Other Funds	-	-	(30,000)	-	(30,000)
Net Cash Used by Noncapital Financing Activities	265,000	85,000	(30,000)	140,000	460,000
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	-	-	(29,478)	(24,249)	(53,727)
Contributions	4,514	100	-	-	4,614
Net Cash Used by Capital and Related Financing Activities	4,514	100	(29,478)	(24,249)	(49,113)
Net Increase in Cash and Cash Equivalents	41,751	5,538	36,942	16,708	100,939
Cash and Cash Equivalents - July 1	70,217	56,981	127,784	91,682	346,664
Cash and Cash Equivalents - June 30	$ 111,968	$ 62,519	$ 164,726	$ 108,390	$ 447,603

TOWN OF OAK ISLAND, NORTH CAROLINA
Combining Statement of Cash Flows (Continued)
Other Enterprise Funds
For the Year Ended June 30, 2020

	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)	$ (295,089)	$ (109,343)	$ 43,720	$ (155,027)	$ (515,739)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities					
Depreciation	37,834	17,715	40,294	35,163	131,006
Changes in Assets and Liabilities					
(Increase) Decrease in:					
Accounts Receivable	(5,499)	-	(15,290)	-	(20,789)
Inventory	-	1,201	-	(16,683)	(15,482)
Prepaid Items	-	-	-	(6,733)	(6,733)
Deferred Outflows of Resources - Pensions	9,996	(294)	1,018	(3,673)	7,047
Deferred Outflows of Resources - OPEB	-	-	(4,390)	-	(4,390)
Increase (Decrease) in:					
Net Pension Liability	6,173	6,044	12,123	8,545	32,885
Deferred Inflows of Resources - Pensions	(1,923)	(331)	-	-	(2,254)
Deferred Inflows of Resources - OPEB	-	-	(1,862)	-	(1,862)
Accounts Payable	20,756	4,455	13,897	31,766	70,874
Unearned Revenue	-	-	-	-	-
Accrued Wages	838	232	(849)	5,930	6,151
Accrued Vacation Pay	(849)	759	(4,722)	1,669	(3,143)
OPEB liability	-	-	12,481	-	12,481
Total Adjustments	67,326	29,781	52,700	55,984	205,791
Net Cash Provided by Operating Activities	$ (227,763)	$ (79,562)	$ 96,420	$ (99,043)	$ (309,948)

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Charges for collection		$ 1,166,703	
Total Operating Revenues	$ 1,142,702	1,166,703	$ 24,001
Nonoperating Revenues			
Solid Waste Disposal Tax		4,514	
Total Nonoperating Revenues	4,000	4,514	514
Total Revenues	1,146,702	1,171,217	24,515
Expenditures			
Salaries and Wages		211,251	
Employee Benefits		71,183	
Operating Expenditures		328,795	
Maintenance and Repair		49,680	
Recycling Program		636,721	
Yard Waste Recycling		112,931	
Capital Outlay		-	
Total Sanitation Operation Expenditures	1,253,654	1,410,561	(156,907)
Total Expenditures	1,253,654	1,410,561	(156,907)
Revenue Over (Under) Expenditures	$ (106,952)	$ (239,344)	$ (132,392)

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers in:			
General Fund	$ 265,000	$ 265,000	$ -
Transfers out:			
Capital Reserve Fund	(158,048)	-	158,048
Total Other Financing Sources (Uses)	106,952	265,000	158,048
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	$ -	25,656	$ 25,656
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		25,656	
Reconciling Items:			
Depreciation Expense		(37,834)	
(Increase) Decrease in Accrued Vacation Pay		849	
Increase (Decrease) in Deferred Outflows of Resources-Pensions		(9,996)	
(Increase) Decrease in Net Pension Liability		(6,173)	
(Increase) Decrease in Deferred Inflows of Resources-Pensions		1,923	
Increase (Decrease) in Deferred Outflows of Resources-OPEB		-	
Total Reconciling Items		(51,231)	
Change in Net Position		$ (25,575)	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Annual Membership		$ 21,920	
Green Fee Play		103,526	
Merchandise Sales		4,383	
Total Operating Revenues	$ 152,900	129,829	$ 23,071
Nonoperating Revenues			
Interest Earnings		-	
Sponsorships		100	
Total Nonoperating Revenues	-	100	100
Total Revenues	152,900	129,929	23,171
Expenditures			
Administration			
Salaries and Wages		28,608	
Employee Benefits		2,228	
Operating Expenditures		16,522	
Total Administration	72,524	47,358	25,166
Maintenance			
Salaries and Wages		87,363	
Employee Benefits		30,623	
Operating Expenditures		49,935	
Total Maintenance	224,953	167,921	57,032
Capital Outlay			
Equipment		-	
Total Capital Outlay	-	-	-
Total Expenditures	297,477	215,279	82,198
Revenue Over (Under) Expenditures	$ (144,577)	$ (85,350)	$ (59,227)

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers in:			
General Fund	$ 149,577	$ 85,000	$ (64,577)
Transfers out:			
Capital Reserve	(5,000)	-	5,000
Total Other Financing Sources (Uses)	144,577	85,000	(59,577)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	$ -	(350)	$ (350)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		(350)	
Reconciling Items			
Depreciation		(17,715)	
(Increase) Decrease in Accrued Vacation Pay		(759)	
Increase (Decrease) in Deferred Outflows of Resources-Pensions		294	
(Increase) Decrease in Net Pension Liability		(6,044)	
(Increase) Decrease in Deferred Inflows of Resources-Pensions		331	
Total Reconciling Items		(23,893)	
Change in Net Position		$ (24,243)	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Stormwater Fees - Residental		$ 455,759	
Stormwater Fees - Commercial		30,724	
Total Operating Revenues	$ 483,071	486,483	$ 3,412
Total Revenues	483,071	486,483	3,412
Expenditures			
Salaries and Wages		180,205	
Employee Benefits		69,099	
Operating Expenditures		44,009	
Maintenance and Repair		94,507	
Capital Outlay		29,478	
Total Expenditures	497,621	417,298	80,323
Revenue Over (Under) Expenditures	$ (14,550)	$ 69,185	$ 83,735

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers out:			
Capital Reserve		$ (30,000)	
Total Other Financing Sources (Uses)	$ (60,000)	(30,000)	$ 30,000
Appropriated Fund Balance	(74,550)	-	(74,550)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	-	39,185	39,185
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		39,185	
Reconciling Items:			
Depreciation Expense		(40,294)	
Capital Outlay		29,478	
(Increase) Decrease in Accrued Vacation Pay		4,722	
Increase (Decrease) in Deferred Outflows of Resources-Pensions		(1,018)	
(Increase) Decrease in Net Pension Liability		(12,123)	
(Increase) Decrease in Deferred Inflows of Resources-Pensions		-	
Increase (Decrease) in Deferred Outflows of Resources-OPEB		4,390	
(Increase) Decrease in Deferred Inflows of Resources-OPEB		1,861	
(Increase) Decrease in OPEB Liability		(12,481)	
Total Reconciling Items		(25,465)	
Change in Net Position		13,720	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Charges for Services			
Facility Rental		42,970	
Merchandise Sales		47,771	
Fishing Passes		94,282	
Food and Beverage Sales		46,271	
Miscellaneous		317	
Total Operating Revenues	$ 210,000	231,611	$ 21,611
Total Revenues	210,000	231,611	21,611
Expenditures			
Salaries and Wages		143,038	
Employee Benefits		20,573	
Operating Expenditures		181,323	
Capital Outlay		24,249	
Total Expenditures	400,980	369,183	31,797
Revenue Over (Under) Expenditures	$ (190,980)	$ (137,572)	$ 53,408

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses)			
Transfers in:			
General Fund		140,000	
Pier Project Fund		-	
Total Other Financing Sources (Uses)	190,980	140,000	50,980
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	$ -	2,428	$ 2,428
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		2,428	
Reconciling Items			
Depreciation		(35,163)	
Capital Outlay		24,249	
(Increase) Decrease in Accrued Vacation Pay		(1,669)	
Increase (Decrease) in Deferred Outflows of Resources-Pensions		3,673	
(Increase) Decrease in Net Pension Liability		(8,545)	
Total Reconciling Items		(17,455)	
Change in Net Position		$ (15,027)	

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Nonoperating Revenues			
Sewer Distric Fees-Current		$ 6,969,029	
Sewer Distric Fees-Prior Years		16,469	
Total Nonoperating Revenues	$ 7,241,512	6,985,498	$ (256,014)
Total Revenues	7,241,512	6,985,498	(256,014)
Expenditures			
Total Expenditures	-	-	-
Revenue Over (Under) Expenditures	7,241,512	6,985,498	(256,014)
Other Financing Uses:			
Transfers Out:			
Sewer Distric Fees-Current	(7,241,512)	(6,820,756)	420,756
Revenue and Other Financing Sources Over (Under) Expenditures	$ -	$ 164,742	$ 164,742

Other Schedules

TOWN OF OAK ISLAND, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2020
2019-20	$ -	$ 9,064,948	$ 9,015,592	$ 49,356
2018-19	31,782	(607)	18,826	12,349
2017-18	12,764	64	3,104	9,724
2016-17	5,589	25	1,957	3,657
2015-16	4,433	25	348	4,110
2014-15	4,010	18	231	3,797
2013-12	2,389	-	340	2,049
2012-13	2,070	-	170	1,900
2011-12	2,616	-	690	1,926
2010-11	353	-	-	353
2009-10	1,382	-	64	1,318
	$ 67,388	$ 9,064,473	$ 9,041,322	90,539

Ad Valorem Taxes Receivable - Net	$ 90,539

Reconcilement with Revenues

Ad Valorem Taxes - General Fund and Beach Renourishment	$ 9,080,255
Reconciling Items:	
Interest Collected	(494)
Penalties Collected	(37,677)
Taxes Written Off	(762)
Total Collections and Credits	$ 9,041,322

TOWN OF OAK ISLAND, NORTH CAROLINA
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2020

	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	$ 3,260,062,639	0.2800	$ 9,128,175	$ 8,776,447	$ 351,728
Total Levy	3,260,062,639		9,128,175	8,776,447	351,728
Discoveries:					
Current and Previous Year Taxes	2,996,311		8,390	8,390	-
Releases					
Property Taxes - Current Year's Rate	(1,679,975)		(4,704)	(4,704)	-
Total Property Valuations	$ 3,261,378,975				
Net Levy			9,131,861	8,780,133	351,728
Uncollected Taxes at June 30, 2020			(90,539)	(90,539)	-
Current Year's Taxes Collected			$ 9,041,322	$ 8,689,594	$ 351,728
Current Levy Collection Percentage			99.01%	98.97%	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 signigicant 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*

This page was left blank intentionally

TOWN OF OAK ISLAND, NORTH CAROLINA
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
Governmental activities					
Invested in capital assets, net of related debt	17,522,549	18,239,987	18,669,603	18,743,833	18,515,755
Restricted	6,567,058	5,288,746	6,355,004	6,816,053	6,478,048
Unrestricted	2,828,017	3,240,343	4,280,053	6,213,562	8,238,462
Total governmental activities net position	26,917,624	26,769,076	29,304,660	31,773,448	33,232,265
Business-type activities					
Invested in capital assets, net of related debt	22,390,247	22,380,413	21,260,926	21,175,561	21,789,047
Restricted	30,693,040	20,509,542	20,922,210	20,922,210	18,617,616
Unrestricted	(2,122,361)	4,560,440	3,103,347	2,794,452	5,283,646
Total business-type activities net position	50,960,926	47,450,395	45,286,483	44,892,223	45,690,309
Primary government					
Invested in capital assets, net of related debt	39,912,796	40,620,400	39,930,529	39,919,394	40,304,802
Restricted	37,260,098	25,798,288	27,277,214	27,738,263	25,095,664
Unresticted	705,656	7,800,783	7,383,400	9,008,014	13,522,108
Total primary government net position	77,878,550	74,219,471	74,591,143	76,665,671	78,922,574

2016	2017	2018	2019	2020
19,348,092	21,295,948	22,175,880	23,471,325	24,546,139
7,716,212	7,272,466	6,850,045	7,035,554	12,689,639
8,747,940	9,912,461	9,947,394	8,449,478	11,307,210
35,812,244	38,480,875	38,973,319	38,956,357	48,542,988
20,149,688	20,338,449	18,252,459	24,785,594	22,313,457
20,922,210	3,669,799	3,669,799	-	102,427
8,356,724	22,792,235	28,750,137	32,117,230	33,026,268
49,428,622	46,800,483	50,672,395	56,902,824	55,442,152
39,497,780	41,634,397	40,428,339	48,256,919	46,859,596
28,638,422	10,942,265	10,519,844	7,035,554	12,792,066
17,104,664	32,704,696	38,697,531	40,566,708	44,333,478
85,240,866	85,281,358	89,645,714	95,859,181	103,985,140

TOWN OF OAK ISLAND, NORTH CAROLINA **Table 1**

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

	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General Government	2,778,225	2,736,767	3,129,366	2,797,601	2,447,635
Public Safety	5,627,760	5,466,506	4,458,998	4,348,192	4,486,670
Transportation	1,175,304	2,596,254	930,438	1,675,984	1,847,906
Environmental Protection	186,828	226,484	23,831	156,499	143,027
Cultural and Recreation	1,260,386	1,264,960	1,108,161	1,006,435	4,390,206
Tourism					
Interest on long-term debt	654,795	600,751	550,489	471,343	515,501
Total governmental activities expenses	11,683,298	12,891,722	10,201,283	10,456,054	13,830,945
Business-type activities:					
Water	2,384,420	2,400,664	1,655,847	1,852,484	1,922,893
Wastewater	9,135,515	13,052,025	12,800,557	12,756,238	12,853,774
Solid Waste	927,608	1,004,513	914,958	896,411	1,055,665
Golf Course	258,018	246,743	207,432	205,132	194,819
Stormwater	-	-	-	-	-
Pier Complex					
Total business-type activities expenses:	12,705,561	16,703,945	15,578,794	15,710,265	16,027,151
Total primary government expenses	24,388,859	29,595,667	25,780,077	26,166,319	29,858,096
Program Revenues					
Governmental activities:					
Charges of services:					
General Government	286,690	245,924	233,974	354,336	796,887
Public Safety	1,551,164	1,447,452	1,381,941	1,072,612	1,560,975
Transportation	-	-	-	-	-
Environmental Protection	266,223	271,142	276,893	348,804	198,002
Cultrual and Recreation	124,152	145,861	162,849	120,742	2,317,941
Operating grants and contributions	785,599	629,907	411,336	354,166	309,095
Capital grants and contributions	129,225	16,236	1,441	1,822	8,020
Total government activities program revenue	3,143,053	2,756,522	2,468,434	2,252,482	5,190,920
Business-type activities:					
Charges of services:					
Water	3,194,533	3,116,147	3,168,232	3,512,854	4,145,086
Wastewater	2,206,517	5,664,011	6,425,573	7,325,872	8,500,771
Solid Waste	847,437	845,919	862,931	922,232	949,762
Golf Course	132,919	135,714	123,993	125,185	114,742
Stormwater	-	-	-	-	-
Pier Complex					
Operating grants and contributions	5,825	49,909	3,872	4,246	4,574
Capital grants and contributions	34,194,519	3,240,574	3,787,571	3,493,407	3,255,066
Total business-type activities program revenue	40,581,750	13,052,274	14,372,172	15,383,796	16,970,001
Total primary government program revenues	43,724,803	15,808,796	16,840,606	17,636,278	22,160,921
Net (Expense)/Revenue					
Governmental activities	(8,540,245)	(10,135,200)	(7,732,849)	(8,203,572)	(8,640,025)
Business-type activities	27,876,189	(3,651,671)	(1,206,622)	(326,469)	942,850
Total primary government net revenue	19,335,944	(13,786,871)	(8,939,471)	(8,530,041)	(7,697,175)

(Continued on next page)

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

TOWN OF OAK ISLAND, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
General Revenue and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, levied for general purposes	6,699,824	6,866,837	7,016,323	6,812,760	7,284,500
Local option sales tax	1,639,858	1,458,619	1,476,163	1,531,327	1,687,594
Accommodation Tax	950,143	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	65,128	613,268	616,694	660,137	-
Unrestricted investment earnings	610,523	7,701	5,225	3,594	2,742
Miscellaneous	15,586	83,571	93,101	172,239	270,734
Law Suit Settlement				625,000	-
Gain (loss) on sale of assets	62,481	-	-	-	-
Extraordianary item-environmental remediation	(21,022)	(33,081)	-		-
Special Items	-	-	-	(292,059)	(5,356)
Transfers in (out)	977,705	(127,000)	(80,000)	(70,000)	(242,163)
Total governmental activities	11,000,226	9,986,652	10,268,433	10,672,360	10,282,238
Business-type activities:					
Interest and investment earnings	20,496	14,140	18,119	6,617	5,379
Miscellaneous	-	-	-	4,491	4,702
Gain on sale of assets	-	-	-	-	-
Transfers in (out)	(977,705)	127,000	80,000	70,000	(107,000)
Total business-type activities	(957,209)	141,140	98,119	81,108	(96,919)
Total primary government	10,043,017	10,127,792	10,366,552	10,753,468	10,185,319
Changes in Net Position					
Governmental activities	2,459,981	(148,548)	2,535,584	2,468,788	1,642,213
Business-type activities	26,918,980	(3,510,531)	(1,108,503)	(245,361)	845,931
Total primary government	29,378,961	(3,659,079)	1,427,081	2,223,427	2,488,144

Table 2

2016	2017	2018	2019	2020
7,373,718	7,445,239	7,695,090	7,867,466	9,423,260
1,475,318	1,897,533	2,183,968	2,150,053	2,106,768
1,083,546	1,446,852	2,202,209	2,538,039	2,026,692
-	-			
-	-			
19,162	49,949	113,227	122,189	300,459
897,067	105,640	144,003	506,930	554,994
-	-			
436,084	15,071	55,495	3,117	38,880
-	(1,085,390)			
-	-			
306,249	432,084	(696,355)	(100,172)	(296,800)
11,591,144	10,306,978	11,697,637	13,087,622	14,154,253
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
(305,752)	(427,017)	729,715	256,398	302,071
11,285,392	9,879,961	12,427,352	13,344,020	14,456,324
2,639,961	3,833,266	2,327,643	291,387	9,586,631
3,738,313	(3,478,514)	3,481,903	6,230,429	(1,460,672)
6,378,274	354,752	5,809,546	6,521,816	8,125,959

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

	2011	2012	2013	2014	2015
General Fund					
Reserved	-	-	-	-	-
Unreserved					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Non-spendable	33,756	25,457	12,972	26,712	577,803
Restricted	3,058,316	1,381,631	1,594,929	1,399,510	231,413
Committed	424,667	425,139	425,432	425,432	435,714
Assigned	388,199	-	-	-	-
Unassigned	2,668,659	3,372,614	4,307,979	6,031,718	8,238,462
Total general fund	6,573,597	5,204,841	6,341,312	7,883,372	9,483,392
All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Non-Spendable in Special Revenue Funds	55,435	56,163	56,163	56,163	-
Restricted in Special Revenue Funds	3,453,307	3,850,952	4,771,566	5,416,543	5,233,118
Committed in Capital Projects Funds	536,664	421,564	385,389	385,881	-
Total all other governmental funds	4,045,406	4,328,679	5,213,118	5,858,587	5,233,118
Total governmental funds	10,619,003	9,533,520	11,554,430	13,741,959	14,716,510
			-		

2016	2017	2018	2019	2020
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,909	669,379	49,548	106,511	64,140
1,262,840	822,821	1,406,623	1,252,958	929,536
483,205	380,835	745,460	271,569	-
-	-	-	-	-
8,798,773	10,625,878	12,511,569	12,203,505	15,755,572
10,564,727	12,498,913	14,713,200	13,834,543	16,749,248
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,905,638	6,052,978	5,186,495	5,676,085	11,760,103
-	-	-	-	-
5,905,638	6,052,978	5,186,495	5,676,085	11,760,103
16,470,365	18,551,891	19,899,695	19,510,628	28,509,351

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

	2011	2012	2013	2014	2015
Revenues					
Ad valorem taxes	6,505,967	6,735,314	6,890,355	7,031,553	7,626,159
Other taxes and licenses	2,632,584	2,571,414	2,649,447	2,717,387	2,977,147
Unrestricted intergovernmental	610,523	613,268	616,694	660,137	796,887
Restricted intergovernmental	2,032,749	1,717,301	1,439,435	1,396,215	3,502,037
Sales and services	335,236	293,638	297,489	348,334	405,913
Permits and fees	632,458	613,350	623,556	510,718	464,172
Investment earnings	19,301	9,795	6,683	3,594	2,742
Miscellaneous	164,816	280,752	165,581	782,957	180,395
Total revenues	12,933,634	12,834,832	12,689,240	13,450,895	15,955,452
Expenditures					
General Government	2,635,942	2,565,883	2,872,851	2,628,089	2,398,394
Public Safety	5,190,729	5,519,623	3,934,916	3,763,473	4,222,273
Transportation	1,099,366	2,445,600	802,832	1,534,817	1,730,833
Environmental protection	171,984	211,712	120,781	138,990	134,960
Cultural and recreational	1,203,127	1,070,600	858,003	755,862	4,164,295
Tourism	-	-	-	-	-
Debt Service:					
Interest	752,320	655,200	596,245	539,172	514,707
Principal	1,928,790	1,642,697	1,402,702	1,555,186	1,682,906
Total expenditures	12,982,258	14,111,315	10,588,330	10,915,589	14,848,368
Excess of revenues over (under) expenditures	(48,624)	(1,276,483)	2,100,910	2,535,306	1,107,084
Other Financing Sources (Uses)					
Debt Issuances	88,000	318,000	-	-	-
Transfers in	3,695,659	360,078	-	2,929,959	617,968
Transfers Out	(2,717,954)	(487,078)	(80,000)	(2,999,959)	(860,131)
Special Items	-	-	-	(292,059)	(5,356)
Sale of Capital Assets and materials	-	-	-	14,282	112,250
Total other financing sources (uses)	1,065,705	191,000	(80,000)	(347,777)	(135,269)
Net change in fund balances	1,017,081	(1,085,483)	2,020,910	2,187,529	971,815
Capital outlay included in total expenditures	579,263	745,806	185,009	56,476	207,953
Debt service as a percentage of noncapital expenditures	21.6%	17.2%	19.2%	19.3%	15.0%

2016	2017	2018	2019	2020
7,156,543	7,461,694	7,461,694	7,695,090	9431726
1,475,318	3,344,385	3,344,385	4,386,177	4133460
1,117,456	927,645	927,645	1,031,475	1259154
1,443,937	1,875,540	1,875,540	5,817,584	7937864
628,504	336,617	336,617	347,803	139772
467,801	978,569	978,569	808,070	826133
19,120	49,949	49,949	113,227	300459
112,191	109,278	109,278	273,378	554994
12,420,870	15,083,677	15,083,677	20,472,804	24,583,562
2,498,959	2,639,184	2,639,184	2,447,289	2,484,063
5,124,685	4,611,679	4,611,679	4,734,325	5,779,508
959,743	1,113,871	1,113,871	1,245,695	2,635,981
384,110	-	-	6,564,561	1,250,147
655,503	2,331,345	2,331,345	1,666,959	1,446,009
-	-	-	46,901	24,070
479,146	272,071	272,071	147,026	73,513
2,319,916	1,903,628	1,903,628	1,633,628	1,633,628
12,422,062	12,871,778	12,871,778	18,486,384	15,326,919
(1,192)	2,211,899	2,211,899	1,986,420	9,256,643
784,876	-	-	-	-
28,767	695,158	695,158	4,026,726	2,071,465
(120,000)	(263,114)	(263,114)	(4,723,081)	(2,368,265)
-	-	-	-	-
436,084	15,071	15,071	55,495	38,880
1,129,727	447,115	447,115	(640,860)	(257,920)
1,128,535	2,659,014	2,659,014	1,345,560	8,998,723
1,466,073	466,252	466,252	629,953	814,981
25.5%	17.5%	17.5%	10.0%	11.8%

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

Fiscal Year Ended June 30	Property Tax	Sales Tax	Occupancy Tax	Franchise Tax	Video Programming Tax	Alcohol Beverage Tax	Total
2011	6,505,967	1,639,858	950,143	466,017	192,221	37,877	9,792,083
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
2011	4,189,866,332	39,721,852	17,141,597	-	11,008,727	4,235,721,054	0.1550
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

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)

	Town of Oak Island			Overlapping Rates		
Fiscal Year Ended June 30,	Operating Rate	Debt Service Rate	Total Town Rate	Brunswick County	Smithville Township	Total Direct & Overlapping Rates
2011	0.09247	0.06253	0.1550	0.3050	0.0400	0.5000
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

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	9,131,861	9,015,592	98.73%	25,730	9,041,322	99.01%	90,539

TOWN OF OAK ISLAND, NORTH CAROLINA
Principal Property Tax Payers
Current Year and Five Years Ago

		Fiscal Year 2020			Fiscal Year 2015		
Taxpayer	Types of Property	2020 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2015 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
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

Total Tax Value	3,352,019,256	2,590,140,732

TOWN OF OAK ISLAND, NORTH CAROLINA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities						
Fiscal Year Ended June 30	Installment Purchases	Capital Leases	Installment Purchases	Revenue Notes & Bonds	State Revolving Loan Fund	Capital Lease	Total Primary Government	Ratio Debt to Personal Income[1]	Per Capita[1]
2011	14,777,319	846,226	584,086	92,133,921	11,116,037	-	119,457,589	3.51%	17,490
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

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, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Brunswick County's general obligation debt	72,720,000	4.80%	3,490,560
Town of Oak Island underlying debt	3,267,256	100.00%	3,267,256
Total direct and underlying debt			$ 6,757,816

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, 2020

Fiscal Year Ended June 30	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Total Debt as a Percentage of Debt Limit
2011	343,632,700	15,623,544	328,009,156	4.55%
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%

Calculation of Legal Debt Margin for Fiscal Year 2020

Assessed value of taxable property	3,352,019,330
	x 0.08
Debt limit- (8 % of assessed value)	268,161,546
Debt applicable to limit:	
Total installment purchases	1,633,628
Total capital leases	-
Total amount of debt applicable to debt limit (net debt)	1,633,628
Legal debt margin	266,527,918

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

Fiscal Year Ended June 30	Enterprise Funds: Operating and Non-operating Revenue	Enterprise Funds: Operating Expenses Less Depreciation	Enterprise Funds: Sewer District Fee Revenue	Net Available Revenue	All Enterprise Parity Debt: Principal	All Enterprise Parity Debt: Interest	All Enterprise Parity Debt: Total	Total Other System Indebtness: Principal	Total Other System Indebtness: Interest	Total Other System Indebtness: Total
2014	13,568,869	6,558,787	2,004,788	9,014,870	2,260,000	4,576,933	6,836,933	1,004,443	299,547	1,303,990
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

Required Coverage:

Fiscal Year Ended June 30	Net Available Revenue	15% Unrestricted Net Assets	Total Available Revenue	Total Debt Service	20% Parity Debt Service	Total + 20% Parity Debt	Coverage: 100% Parity	Coverage: 120% Parity
2014	9,014,870	776,269	9,791,139	8,140,923	1,367,387	9,508,309	1.11	1.03
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	4,933,601	14,581,963	7,392,384	1,298,526	8,690,910	1.31	1.68

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]
2011	6,830	3,405,071	30,872	48.0	11,969	10.3%
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	8.3

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

		Fiscal Year 2020			Fiscal Year 2011		
Name of Employer	Type of Business	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Brunswick County Board of Educ	Education	1,947	1	3.61%	1,955	1	4.09%
County of Brunswick	Local Government	1,035	2	1.92%	1,029	2	2.15%
Wal-Mart Associates, Inc.	Retail	932	3	1.73%	750	4	1.57%
Duke Energy	Utility	850	4	1.57%	833	3	1.74%
Brunswick Novant Medical	Medical Care Facility	700	5	1.30%	450	6	0.94%
Food Lion, Inc.	Grocery	520	6	0.96%	455	5	0.95%
Brunswick Community College	Education	481	7	0.89%	358	9	0.75%
Lowe's Food	Grocery	409	9	0.76%	N/A	N/A	N/A
Dosher Memorial Hospital	Medical Care Facility	364	8	0.67%	362	8	0.76%
DAK Americas	Dacron Polyester Fiber	N/A	NA	N/A	383	7	0.80%
Ports America	Trade Transportation	N/A	NA	N/A	325	10	0.68%
Lowes Home Centers	Home Improvement	250	10	N/A	343	9	N/A
Totals		7,488		13.40%	7,243		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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	16	16	16	16	16	17	17	17	17	14
Public Safety										
Police	25	25	23	23	23	23	24	24	24	27
Communications	6	4	0	0	0	0	0	0	0	0
Animal Control	2	2	2	2	2	0	0	0	0	0
Fire	19	20	21	22	22	22	22	22	22	22
Development Serivces	11	8	6	6	6	8	8	10	10	10
Public Works	4	2	2	2	2	2	2	6	6	6
Fleet Maintenance	3	3	2	2	2	2	2	2	2	2
Facilities Maintenance	8	9	9	4	4	4	3	3	2	2
Street Department	7	7	5	5	5	6	6	6	6	6
Cultural and Recreation	9	7	6	4	4	8	6	6	6	7
Utility										
Water	12	10	9	9	9	11	8	8	12	12
Sewer	7	7	7	7	7	11	11	11	12	12
Solid Waste	4	4	4	4	4	4	3	3	3	3
Stormwater	1	1	2	2	2	2	3	3	4	4
Golf Course	2	2	2	2	2	2	2	2	2	3
Pier Complex	-	-	-	-	-	-	-	-	1	1
Capital Projects	0	0	0	0	0	0	0	0	0	0
Total	136	127	116	110	110	122	117	123	129	131

Source: Town's human resource department

TOWN OF OAK ISLAND, NORTH CAROLINA
Operating Indicators by Function
Last Ten Years

Function	2011	2012	2013	2014	2015
Public Safety					
Police					
Number of calls dispatched[1]	12,620	11,741	10,029	10,332	10,332
Number of physical arrests	331	288	322	285	285
Number of violations	4,255	2,741	2,688	3,139	3,139
Fire					
Number of Fire runs	258	215	280	319	319
Number of EMS and Rescue runs[2]	942	948	916	888	888
Code Enforcement/Building permits					
Number of building permits	1,286	1,448	1,681	1,875	1,875
Number of inspections	13,278	9,941	8,549	7,994	7,994
Transportation					
Streets					
New streets paved (miles)	0.00	0.00	0.00	0.00	0.00
Streets resurfaced (miles)	0.00	12.04	0.00	4.58	0.00
Environmental Protection					
Sanitation					
Refuse collected (tons)	4,100	13,148	NA	NA	NA
Bulky/Brush collected (tons)	2,300	1,200	1,500	8,011	8,011
Recyclables collected (tons)	670	820	863	1,250	1,250
Cultural and Recreation					
Number of Participants:					
weight fitness program	22,858	23,521	23,532	21,352	21,352
Fitness class	5,980	5,466	5,267	4,267	4,267
Athletic program	12,153	14,984	13,171	13,981	13,981
Teen program	3,744	2,409	3,743	448	448
Community Center program	7,907	7,466	6,849	1,437	1,437
Skate Park	1,335	1,722	1,735	1,711	1,711
Number of Ocean Education Center	2,268	2,760	1,083	939	939
Number of Nature Center participants	3,376	3,684	3,527	1,623	1,623
Number of paid golf course rounds played	11,048	12,442	10,595	9,063	9,063
Number of youth and miscellaneous program particpants	5,017	6,375	6,861	2,953	2,953
Water					
Number of water customers	8,240	8,042	8,021	8,378	8,700
Average daily water consumption (gallons)	878,700	749,542	739,818	804,170	804,170
Wastewater					
Number of sewer customers	4,241	7,542	7,974	8,004	8,100
Sewer average daily treatment (gallons)	663,900	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
Public Safety					
Police					
Number of calls dispatched[1]	10,899	10,899	9,737	9,800	8,179
Number of physical arrests	563	563	238	400	249
Number of violations	3,645	3,645	2,779	3,000	2,364
Fire					
Number of Fire runs	300	491	434	450	510
Number of EMS and Rescue runs[2]	983	949	641	650	880
Code Enforcement/Building permits					
Number of building permits	2,636	2,768	3,399	3,300	3,614
Number of inspections	10,767	11,305	15,000	12,000	16,572
Transportation					
Streets					
New streets paved (miles)	0.00	0.00	0.00	0.00	0.00
Streets resurfaced (miles)	0.00	0.00	0.00	7.50	7.39
Environmental Protection					
Sanitation					
Refuse collected (tons)	NA	NA	NA	NA	NA
Bulky/Brush collected (tons)	11,250	14,100	15,200	18,000	20,000
Recyclables collected (tons)	1,116	1,194	2,100	2,100	1,287
Cultural and Recreation					
Number of Participants:					
weight fitness program	21,459	21,566	26,724	25,000	16,500
Fitness class	4,288	4,310	4,489	4,600	3,036
Athletic program	14,051	14,121	14,786	14,800	9,768
Teen program	450	452	4,084	4,200	2,772
Community Center program	1,444	1,451	1,500	150	99
Skate Park	1,720	1,728	1,543	1,500	990
Number of Ocean Education Center	944	948	64	0	0
Number of Nature Center participants	1,631	1,639	1,847	1,900	0
Number of paid golf course rounds played	9,108	9,154	8,855	9,000	5,940
Number of youth and miscellaneous program particpants	2,968	2,983	19,561	3,000	1,980
Water					
Number of water customers	8,829	9,015	9,000	9,100	9,271
Average daily water consumption (gallons)	812,000	891,683	805,920	1,002,680	1,056,513
Wastewater					
Number of sewer customers	8,318	8,505	8,574	8,650	9,271
Sewer average daily treatment (gallons)	537,866	601,219	692,399	782,399	900,000

Notes:

Source: Various Town Departments

TOWN OF OAK ISLAND, NORTH CAROLINA
Capital Assets by Function
Last Ten Years

Function	2011	2012	2013	2014	2015	2016
Public Safety						
Police						
Police Stations	2	2	2	2	2	2
Police Patrol Units	26	26	26	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	6	7
Transportation						
Streets -Paved (miles)	96.00	96	96	96	96	96
Sidewalks (miles)	7.68	7.68	7.68	7.68	7.68	7.68
Environmental Protection						
Curbside Truck	3	2	2	2	2	2
Leaf Machine	2	2	2	2	2	2
Beach Trash Truck	3	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	1	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)	878,700	749,542	739,818	804,170	804,170	812,000
Peak daily demand (in gallons)	2,485,000	2,111,000	2,174,330	2,188,950	2,188,950	2,239,000
Wastewater						
Sanitary Sewers (miles)	106	106	106	106	106	106
Lift Stations	34	34	34	34	34	34
Man Holes	220	245	245	245	245	245
Sewer Treatment Capacity (in gallons)	2,535,308	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000

Source: Various Town Departments

2017	2018	2019	2020
2	2	2	2
25	25	25	25
1	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	6	4	4
0	0	6	6
2	2	2	2
5	5	5	5
1	1	1	1
1	1	1	1
1	1	1	1
1	1	1	1
1	1	0	0
1	1	1	1
1	1	1	1
2	2	2	2
120	120	120	120
800	800	800	800
891,683	805,920	1,002,680	1,056,513
2,250,000	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

This page was left blank intentionally

SPD&A

122 Memory Plaza
Whiteville, NC 28472
(910) 642-6692 Phone
(910) 642-2119 Fax

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, 2020, 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 November 24, 2020. 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
November 24, 2020

SPD&A

122 Memory Plaza
Whiteville, NC 28472
(910) 642-6692 Phone
(910) 642-2119 Fax

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, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* 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, 2020. 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 state statutes, regulations, contracts and the terms and conditions of its state awards 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) 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, 2020.

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
November 24, 2020

TOWN OF OAK ISLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	**Unmodified**	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	**X** No
Significant deficiency(s) identified that are not considered to be material weaknesses	___ Yes	**X** None reported
Noncompliance material to financial statements noted	___ Yes	**X** No

State Awards

Type of auditor's report issued on compliance for major state programs	**Unmodified**	
Internal control over major state programs:		
Material weaknesses identified?	___ Yes	**X** No
Significant deficiency(s) identified that are not considered to be material weaknesses	___ Yes	**X** None reported
Any audit finding disclosed that is required to be reported in accordance with the State Single Audit Implementation Act	___ Yes	**X** No

TOWN OF OAK ISLAND, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Identification of major State programs:

Program Name

NC Department of Transportation
Powell Bill

Section II - Financial Statement Findings

None Reported

Section III - State Award Findings and Responses

None Reported

See Independent Auditor's Report.

TOWN OF OAK ISLAND, NORTH CAROLINA
Summary Schedule of Prior Year Findings
For the Fiscal Year Ended June 30, 2020

Finding: 2019-01

Status: Corrected. Processes were put in place to ensure that only the amounts that were appropriated in the budget were actually spent.

See Independent Auditor's Report.

This page was left blank intentionally