

TOWN OF OAK ISLAND NORTH CAROLINA



**AUDIT PRESENTATION FOR THE
FISCAL YEAR ENDED JUNE 30, 2022**

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TOWN OF OAK ISLAND, NORTH CAROLINA

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Independent Auditor's Report

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

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information and Other Information

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

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 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 28, 2022

**Town of Oak Island, North Carolina
Management's Discussion and Analysis
June 30, 2022**

Management's Discussion and Analysis

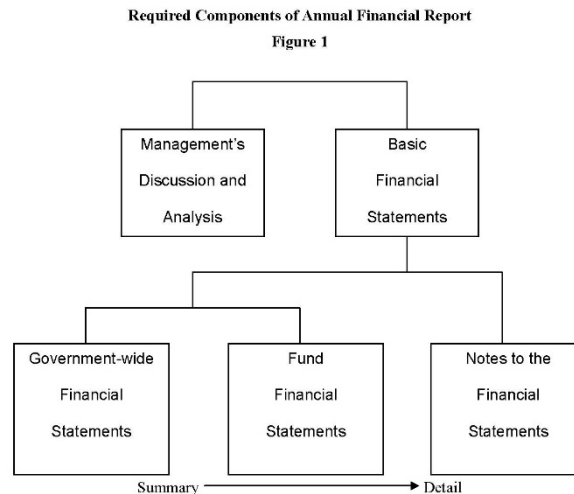
As management of the Town of Oak Island, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Oak Island for the fiscal year ending June 30, 2022. We encourage readers to read the information presented here in conjunction 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 \$102,839,705 (*net position*).
- As of the close of the current fiscal year, the Town of Oak Island's governmental funds reported combined ending fund balances of \$35,150,010 with an increase of \$371,790 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,894,653 or 60.86% percent of total governmental fund expenditures for the fiscal year.
- The Town continued its diligence in the collection of property taxes by maintaining a tax collection percentage of 97.68%.
- Increased sales tax revenues of approximately \$75,000 due to the economic growth of the town.
- The Town continues to incur a low cost of debt due to the Town's high bond rating.

Overview of the Financial Statements

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



Town of Oak Island, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Economic Factors and Next Year's Budgets and Rates

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

In July 2022, the State of North Carolina DENR Division of Water Resources allocated \$20,000,000 to the Town which are to be spent during the construction phase of the initial beach renourishment project planned for the Oak Island Beach Management Plan (OIBMP).

The Town completed the 2021/2022 Beach Renourishment Project during the year. This project placed sand on the beach from Middleton Boulevard to the Town's west end.

The Fiscal Year 2022-2023 Approved Budget is a balanced budget totaling \$67,173,242 for all Town Operations. The budget is balanced with a tax rate of \$0.28 per \$100 valuation. In addition, the approved budget does not appropriate any fund balance. This budget reflects Staff's commitment to maintaining and improving the Town of Oak Island for the present and for the future.

The Town of Oak Island continues to experience growth in primary revenue sources, which are Ad Valorem tax and Sales Tax.

The Town was awarded \$2,672,596 in American Relief Plan Funds during the FY 2021-2022 Fiscal Year. The budget for FY 2022-2023 includes the use of \$672,894 of those funds to be used by the Police and Fire Department. The remaining funds have not been appropriated at this time.

The town continues to fully fund all debt service payments as required by North Carolina State Law.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Property taxes (benefiting from the economic growth) and revenues from permits and fees are expected to lead the increase in budgeted revenue by 2%. The Town will use these increases in revenues to finance programs currently in place. Management has seen some improvement in areas that were affected by the recession and anticipates more growth in coming years.

Budgeted expenditures in the General Fund are expected to rise approximately 5% to \$2,363,405. The largest increments are in employee compensation, including compensation and benefits adjustments.

Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Business-type Activities: The water and sewer rates in the Town will increase by 5%, primarily to cover increased costs of operations and infrastructure maintenance. General operating expenses will increase by 2% to cover increased personnel costs, and 2.5% to cover increased costs of material, supplies, and other operating expenses. Rates for will increase by an average of 4% to cover an equal increase in operating costs, primarily personnel and equipment maintenance expense.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
ASSETS				
Current Assets				
Cash and Equivalent	\$ 29,425,034	\$ 32,284,057	\$ 61,709,091	\$ 453,155
Taxes Receivables, Net	361,646	-	361,646	-
Assessments Receivable	16,562	-	16,562	-
Accounts Receivable, Net	6,529	3,200,275	3,206,804	1,000
Due From Component Unit	205,190	-	205,190	-
Inventories	35,779	905,124	940,903	257,524
Prepaid Items	232,508	-	232,508	14,741
Total Current Assets	30,283,248	36,389,456	66,672,704	726,420
Non-current Assets				
Restricted Cash and Cash Equivalents	5,896,305	6,428,765	12,325,070	436,005
Restricted Receivables	-	391,659	391,659	-
Accrued Interest on Restricted Assets	-	59,545	59,545	-
Prepaid Bond Insurance	-	542,587	542,587	-
Capital Assets				
Land, Non-depreciable Improvements, and Construction in Progress	9,254,457	5,931,622	15,186,079	101,178
Other Capital Assets, Net of Depreciation	15,907,461	87,064,986	102,972,447	187,263
Total Capital Assets	25,161,918	92,996,608	118,158,526	288,441
Total Non-current Assets	31,058,223	100,419,164	131,477,387	724,446
Total Assets	61,341,471	136,808,620	198,150,091	1,450,866
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	2,060,723	540,644	2,601,367	70,996
OPEB Deferrals	795,688	267,919	1,063,607	9,909
Total Deferred Outflows of Resources	\$ 2,856,411	\$ 808,563	\$ 3,664,974	\$ 80,905

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Net Position (Continued)
June 30, 2022

	Primary Government		Component Unit	
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses	\$ 367,284	\$ 619,261	\$ 986,545	\$ 196,833
Accrued Interest Payable	-	268,966	268,966	-
Customer Deposits	93,429	82,829	176,258	-
Due to Other Funds	-	-	-	-
Due to Primary Government	-	-	-	205,190
Current Portion of Long-Term Liabilities	-	4,492,738	4,492,738	-
Total Current Liabilities	460,713	5,463,794	5,924,507	402,023
Long-Term Liabilities				
Due In More Than One Year	12,508,757	69,670,006	82,178,763	-
Net Pension Liability	1,124,213	315,834	1,440,047	30,058
Total Pension Liability	1,160,835	-	1,160,835	-
OPEB Liability	3,078,667	1,521,488	4,600,155	103,799
Total Long-Term Liabilities	17,872,472	71,507,328	89,379,800	133,857
Total Liabilities	18,333,185	76,971,122	95,304,307	535,880
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	357,013	78,801	435,814	-
Pension Deferrals	1,579,689	566,664	2,146,353	42,945
OPEB Deferrals	853,406	235,480	1,088,886	9,015
Total Deferred Inflows of Resources	2,790,108	880,945	3,671,053	51,960
NET POSITION				
Net Investment in Capital Assets	25,161,918	25,914,543	51,076,461	288,441
Restricted For:				
Stabilization by State Statute	73,491	-	73,491	-
Streets	109,354	-	109,354	-
General Government	19,757	-	-	-
Public Safety	-	-	-	-
Environmental Protection	13,784,468	-	13,784,468	-
Tourism	-	-	-	-
Cultural and Recreation	-	-	-	-
Other Functions	-	82,829	82,829	575,435
Unrestricted	3,925,601	33,767,744	37,693,345	80,055
Total Net Position	\$ 43,074,589	\$ 59,765,116	\$ 102,839,705	\$ 943,931

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,028,844	\$ 2,439,565	\$ 825,569	-
Public Safety	6,269,476	-	1,947,428	-
Transportation	3,620,145	-	353,035	-
Environmental Protection	14,614,601	-	1,008,177	-
Cultural and Recreation	1,023,933	191,038	-	-
Interest on Long-Term Debt	217,401	-	-	-
Total Governmental Activities	28,774,400	2,630,603	4,134,209	-
Business-Type Activities:				
Water Operations	3,662,821	5,079,256	-	201,585
Wastewater Operations	13,741,754	12,699,421	-	934,890
Solid Waste Operations	1,537,126	1,550,310	-	7,264
Golf Course Operations	351,901	169,470	-	-
Stormwater Operations	597,621	680,131	-	-
Pier Complex	667,242	554,014	-	-
Total Business-Type Activities	20,558,465	20,732,602	-	1,143,739
Total Primary Government	\$ 49,332,865	\$ 23,363,205	\$ 4,134,209	\$ 1,143,739
Component Units:				
Oak Island ABC Board	\$ 4,681,140	\$ 4,740,315	\$ -	\$ -
Total Component Units	\$ 4,681,140	\$ 4,740,315	\$ -	\$ -

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Functions/Programs	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:				
Governmental Activities:				
General Government	\$ 236,290	\$ -	\$ 236,290	\$ -
Public Safety	(4,322,048)	-	(4,322,048)	-
Transportation	(3,267,110)	-	(3,267,110)	-
Environmental Protection	(13,606,424)	-	(13,606,424)	-
Cultural and Recreation	(832,895)	-	(832,895)	-
Interest on Long-Term Debt	(217,401)	-	(217,401)	-
Total Governmental Activities	(22,009,588)	-	(22,009,588)	-
Business-Type Activities:				
Water Operations	-	1,618,020	1,618,020	-
Wastewater Operations	-	(107,443)	(107,443)	-
Solid Waste Operations	-	20,448	20,448	-
Golf Course Operations	-	(182,431)	(182,431)	-
Stormwater Operations	-	82,510	82,510	-
Pier Complex	-	(113,228)	(113,228)	-
Total Business-Type Activities	-	1,317,876	1,317,876	-
Total Primary Government	(22,009,588)	1,317,876	(20,691,712)	-
Component Units:				
Oak Island ABC Board	-	-	-	58,783
Total Component Units	\$ -	\$ -	\$ -	\$ 58,783
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose	10,015,050	-	10,015,050	-
Local Option Sales Taxes	3,251,458	-	3,251,458	-
Accommodations Taxes	4,660,240	-	4,660,240	-
Unrestricted Investment Earnings	42,949	-	42,949	392
Miscellaneous	30	-	30	-
Sale of Capital Assets and Materials	-	-	-	-
Total General Revenues	17,969,727	-	17,969,727	392
Transfers	34,690	(34,690)	-	-
Total General Revenues, Special Items, and Transfers	18,004,417	(34,690)	17,969,727	392
Change in Net Position	(4,005,171)	1,283,186	(2,721,985)	59,175
Net Position Beginning	47,079,760	56,853,369	103,933,129	833,301
Prior Period Adjustment	-	1,628,561	1,628,561	-
Net Position Beginning Restated	47,079,760	58,481,930	105,561,690	884,756
Net Position -Ending	\$ 43,074,589	\$ 59,765,116	\$ 102,839,705	\$ 943,931

TOWN OF OAK ISLAND, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2022

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General	Accommodations Tax	Beach Renourishment		
ASSETS					
Cash and Cash Equivalents	\$ 17,637,740	\$ 7,038,572	\$ 2,320,474	\$ 2,428,245	\$ 29,425,031
Restricted Cash	3,876,152	-	2,020,156	-	5,896,308
Receivables (net):					-
Taxes	328,573	-	33,073	-	361,646
Assessments	16,562	-	-	-	16,562
Accounts	6,529	-	-	-	6,529
Due from Component Unit	205,190	-	-	-	205,190
Due from Other Funds	-	-	-	-	-
Inventories	35,779	-	-	-	35,779
Prepays	232,508	-	-	-	232,508
Total Assets	\$ 22,339,033	\$ 7,038,572	\$ 4,373,703	\$ 2,428,245	\$ 36,179,553
LIABILITIES					
Accounts Payable	364,062	3,222	-	-	367,284
Due to Other Funds	-	-	-	-	-
Customer Deposits	93,429	-	-	-	93,429
Total Liabilities	457,491	3,222	-	-	460,713
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	357,013	-	-	-	357,013
Property Taxes Receivable	178,744	-	33,073	-	211,817
Total Deferred Inflows of Resources	535,757	-	33,073	-	568,830
FUND BALANCES					
Non Spendable					
Inventories	35,779	-	-	-	35,779
Prepays	232,508	-	-	-	232,508
Restricted:					
Stabilization by State Statute	73,491	-	-	-	73,491
Streets - Powell Bill	109,354	-	-	-	109,354
General Government	-	-	-	19,757	19,757
Public Safety	-	-	-	-	-
Environmental Protection	-	7,035,350	4,340,630	2,408,488	13,784,468
Tourism	-	-	-	-	-
Cultural and Recreation	-	-	-	-	-
Assigned					
Subsequent Year's Expenditures	-	-	-	-	-
Unassigned:	20,894,653	-	-	-	20,894,653
Total Fund Balances	21,345,785	7,035,350	4,340,630	2,428,245	35,150,010
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,339,033	\$ 7,038,572	\$ 4,373,703	\$ 2,428,245	\$ 36,179,553

TOWN OF OAK ISLAND, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2022

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total Fund Balance, Governmental Funds	\$ 35,150,010
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Gross capital assets at historical cost	41,738,496
Accumulated depreciation	(16,576,578)
	25,161,918
Deferred outflows of resources related to pensions are not reported in the funds	2,060,723
Deferred outflows of resources related to OPEB are not reported in the funds	795,688
Earned revenues considered deferred inflows of resources in fund statements	211,817
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Special Obligation Bonds	(12,075,881)
Compensated absences payable	(432,876)
OPEB Liability	(3,078,667)
Net Pension Liability	(1,124,213)
Total Pension Liability	(1,160,835)
	(17,872,472)
Deferred inflows of resources related to pensions are not reported in the funds	(1,579,689)
Deferred inflows of resources related to OPEB are not reported in the funds	(853,406)
Net Position of Governmental Activities	<u>\$ 43,074,589</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	<u>Major Funds</u>			<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Accommodations Tax</u>	<u>Beach Renourishment</u>		
Revenues					
Ad Valorem Taxes	\$ 8,219,915	\$ -	\$ 1,679,417	\$ -	\$ 9,899,332
Other Taxes and Licenses	3,251,458	2,796,333		1,863,907	7,911,698
Unrestricted Intergovernmental	1,353,155	-	-	-	1,353,155
Restricted Intergovernmental	3,060,553	-	1,008,177	-	4,068,730
Permits and Fees	1,022,453	-	-	-	1,022,453
Sales and Services	207,599	-	-	-	207,599
Investment Earnings	42,949	-	-	-	42,949
Miscellaneous	112,875	-	30	-	112,905
Total Revenues	<u>17,270,957</u>	<u>2,796,333</u>	<u>2,687,624</u>	<u>1,863,907</u>	<u>24,618,821</u>
Expenditures					
Current:					
General Government	2,724,781	-	-	-	2,724,781
Public Safety	6,326,813	-	-	-	6,326,813
Transportation	3,550,997	-	-	-	3,550,997
Environmental Protection		167,939	14,442,510	4,152	14,614,601
Tourism	-	-	-	-	-
Cultural and Recreational	887,856	-	-	-	887,856
Debt Service:					
Principal	-	-	6,015,000	-	6,015,000
Interest and Other Charges	-	-	217,401	-	217,401
Total Expenditures	<u>13,490,447</u>	<u>167,939</u>	<u>20,674,911</u>	<u>4,152</u>	<u>34,337,449</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,780,510</u>	<u>2,628,394</u>	<u>(17,987,287)</u>	<u>1,859,755</u>	<u>(9,718,628)</u>
Other Financing Sources (Uses)					
Transfers from Other Funds	512,954	-	3,566,627	-	4,079,581
Transfers to Other Funds	(280,000)	(2,028,627)	-	(1,736,264)	(4,044,891)
Sales of Capital Assets	-	-	-	-	-
Special Obligation Bonds Issued	-	-	10,055,728	-	10,055,728
Total Other Financing Sources (Uses)	<u>232,954</u>	<u>(2,028,627)</u>	<u>13,622,355</u>	<u>(1,736,264)</u>	<u>10,090,418</u>
Net Change in Fund Balance	4,013,464	599,767	(4,364,932)	123,491	371,790
Fund Balance - Beginning	<u>17,332,321</u>	<u>6,435,583</u>	<u>8,705,562</u>	<u>2,304,754</u>	<u>34,778,220</u>
Net Change in Fund Balance	4,013,464	599,767	(4,364,932)	123,491	371,790
Fund Balance - Ending	<u>\$ 21,345,785</u>	<u>\$ 7,035,350</u>	<u>\$ 4,340,630</u>	<u>\$ 2,428,245</u>	<u>\$ 35,150,010</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds \$ 371,790

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	\$ 966,172	
Depreciation expense for governmental assets	(1,226,156)	(259,984)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		596,158
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		36,560
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		125,432
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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		115,718

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

New long term debt issued		(10,055,728)
Principal payments on long-term debt		6,015,000

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	(8,383)	
Pension Expense LGERS	(473,865)	
Pension Expense LEOSSA	(157,343)	
OPEB plan expense	(310,526)	(950,117)

Change in net position of governmental activities		<u>\$ (4,005,171)</u>
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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, 2022

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 7,960,056	\$ 7,960,056	\$ 8,219,915	\$ 259,859
Other Taxes and Licenses	2,202,070	2,232,370	3,251,458	1,019,088
Unrestricted Intergovernmental	896,044	896,044	1,353,155	457,111
Restricted Intergovernmental	2,166,364	2,186,364	3,060,553	874,189
Permits and Fees	770,000	770,000	1,022,453	252,453
Sales and Services	123,000	124,000	207,599	83,599
Investment Earnings	32,348	32,348	42,949	10,601
Miscellaneous	11,102	26,000	112,875	86,875
Total Revenues	14,160,984	14,227,182	17,270,957	3,043,775
Expenditures				
Current				
General Government	3,150,661	3,230,676	2,724,781	505,895
Public Safety	6,629,636	6,812,967	6,326,813	486,154
Transportation	3,289,231	3,953,137	3,550,997	402,140
Cultural and Recreation	959,606	1,031,051	887,856	143,195
Total Expenditures	14,029,134	15,027,831	13,490,447	1,537,384
Revenues Over (Under) Expenditures	131,850	(800,649)	3,780,510	4,581,159
Other Financing Sources (Uses)				
Transfers from Other Funds	673,319	722,995	512,954	(210,041)
Transfers to Other Funds	(326,473)	(396,473)	(280,000)	116,473
Sales of Capital Assets	-	-	-	-
Sales of Materials	-	-	-	-
Total Other Financing Sources (Uses)	\$ 346,846	\$ 326,522	\$ 232,954	\$ (93,568)
Fund Balance Appropriated	(478,696)	474,127	-	474,127
Net Change in Fund Balance	-	-	4,013,464	4,013,464
Fund Balance - Beginning of Year			14,238,501	
Net Change in Fund Balance	\$ -	\$ -	4,013,464	\$ 4,013,464
Fund Balance - End of Year			18,251,965	
A legally adopted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Fund Balance - Beginning of Year			3,093,820	
Fund Balance - End of Year			\$ 21,345,785	

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, 2022

	Accommodations Tax Fund			Variance
	Original Budget	Final Budget	Actual Amounts	with Final Budget Positive (Negative)
Revenues				
Other Taxes and Licenses	\$ 1,600,000	\$ 1,620,000	\$ 2,796,333	\$ 1,176,333
Total Revenues	<u>1,600,000</u>	<u>1,620,000</u>	<u>2,796,333</u>	<u>1,176,333</u>
Expenditures				
Current				
Environmental Protection	171,373	191,373	167,939	23,434
Total Expenditures	<u>171,373</u>	<u>191,373</u>	<u>167,939</u>	<u>23,434</u>
Revenues Over (Under) Expenditures	<u>1,428,627</u>	<u>1,428,627</u>	<u>2,628,394</u>	<u>1,199,767</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(1,428,627)	(1,428,627)	(2,028,627)	(600,000)
Total Other Financing Sources (Uses)	<u>(1,428,627)</u>	<u>(1,428,627)</u>	<u>(2,028,627)</u>	<u>(600,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	599,767	<u>\$ 599,767</u>
Fund Balance - Beginning of Year			<u>6,435,583</u>	
Fund Balance - End of Year			<u>\$ 7,035,350</u>	

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, 2022

Beach Renourishment Fund				
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 1,662,009	\$ 1,662,009	\$ 1,679,417	\$ (653,832)
Restricted Intergovernmental	-	-	1,008,177	1,008,177
Miscellaneous	10,000	10,000	30	(9,970)
Total Revenues	1,672,009	1,672,009	2,687,624	344,375
Expenditures				
Current				
Environmental Protection	2,200,000	15,718,582	14,442,510	1,276,072
Debt Service				
Special Obligation Bond Payment	-	6,015,000	6,015,000	-
Interest	-	217,401	217,401	-
Total Expenditures	2,200,000	21,950,983	20,674,911	1,276,072
Revenues Over (Under) Expenditures	(527,991)	(20,278,974)	(17,987,287)	2,291,687
Other Financing Sources (Uses)				
Transfers from Other Funds	2,416,627	2,416,627	3,566,627	1,150,000
Special Obligation Bonds Issued	-	10,055,728	10,055,728	-
Total Other Financing Sources (Uses)	2,416,627	12,472,355	13,622,355	1,150,000
Appropriated Fund Balance	1,888,636	(7,806,619)		(7,806,619)
Net Change in Fund Balance	\$ -	\$ -	(4,364,932)	(4,364,932)
Fund Balance - Beginning of Year			8,705,562	
Fund Balance - End of Year			\$ 4,340,630	

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TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total</u>
	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Other Enterprise Funds</u>	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 18,791,861	\$ 12,949,681	\$ 542,515	\$ 32,284,057
Accounts Receivables (net):	1,109,863	1,738,783	351,629	3,200,275
Inventories	392,231	486,530	26,363	905,124
Prepaid Items	-	-	-	-
Total Current Assets	20,293,955	15,174,994	920,507	36,389,456
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	82,829	6,345,936	-	6,428,765
Assessments Receivables (net):	-	234,942	-	234,942
Sewer District Fees Receivable (net)	-	156,717	-	156,717
Accrued Interest Receivable	-	59,545	-	59,545
Total Restricted Assets	82,829	6,797,140	-	6,879,969
Other Assets				
Prepaid Bond Insurance Costs	-	542,587	-	542,587
Capital Assets				
Land and Construction in Progress	145,068	3,304,611	2,481,943	5,931,622
Other Capital Assets, Net of Depreciation	4,239,582	80,242,567	2,582,837	87,064,986
Capital Assets	4,384,650	83,547,178	5,064,780	92,996,608
Total Non-Current Assets	4,467,479	90,886,905	5,064,780	100,419,164
TOTAL ASSETS	24,761,434	106,061,899	5,985,287	136,808,620
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	172,669	215,450	152,525	540,644
OPEB Deferrals	-	86,377	181,542	267,919
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 172,669	\$ 301,827	\$ 334,067	\$ 808,563

TOWN OF OAK ISLAND, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total</u>
	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Other Enterprise Funds</u>	
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 257,920	\$ 179,262	\$ 112,137	\$ 549,319
Salaries Payable	30,885	38,516	33,202	102,603
Accrued Interest Payable	-	268,966	-	268,966
Due to Other Funds	-	-	-	-
Customer Deposits	82,829	-	-	82,829
Compensated Absences Payable, Current	49,574	68,153	35,768	153,495
Revenue Notes Payable, Current	-	746,582	-	746,582
Revenue Bonds Payable, Current	-	3,560,000	-	3,560,000
Total Current Liabilities	421,208	4,861,479	181,107	5,463,794
Non-current Liabilities				
Other Postemployment Benefits	639,808	476,720	404,960	1,521,488
Net Pension Liability	99,575	139,906	76,353	315,834
Revenue Notes Payable, Non-current	-	5,247,050	-	5,247,050
Revenue Bonds Payable, Non-current	-	64,422,956	-	64,422,956
Total Non-Current Liabilities	739,383	70,286,632	481,313	71,507,328
TOTAL LIABILITIES	1,160,591	75,148,111	662,420	76,971,122
DEFERRED INFLOWS OF RESOURCES				
Unearned Revenue	78,801	-	-	78,801
Pension Deferrals	183,230	222,613	160,821	566,664
OPEB Deferrals	-	7,913	227,567	235,480
TOTAL DEFERRED INFLOWS OF RESOURCES	262,031	230,526	388,388	880,945
NET POSITION				
Net Investment in Capital Assets	4,384,650	16,465,113	5,064,780	25,914,543
Restricted Customer Deposits	82,829	-	-	82,829
Unrestricted	19,044,002	14,519,976	203,766	33,767,744
NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ 23,511,481	\$ 30,985,089	\$ 5,268,546	\$ 59,765,116

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, 2022

	Major Funds		Non-Major Funds	Total
	Water Fund	Wastewater Fund	Other Enterprise Funds	
Revenues				
Charges for Services	\$ 4,725,778	\$ 12,699,421	\$ 2,953,925	\$ 20,379,124
Other Operating Revenues	353,478	-	-	353,478
Total Operating Revenues	<u>5,079,256</u>	<u>12,699,421</u>	<u>2,953,925</u>	<u>20,732,602</u>
Operating Expenses				
Administration	893,411	-	493,336	1,386,747
Water Purchases	1,645,885	-	-	1,645,885
Waste Collection and Treatment	-	7,352,115	1,484,403	8,836,518
Maintenance	851,953	-	208,293	1,060,246
Other Operating	-	-	728,853	728,853
Depreciation	271,572	3,288,511	239,005	3,799,088
Total Operating Expenses	<u>3,662,821</u>	<u>10,640,626</u>	<u>3,153,890</u>	<u>17,457,337</u>
Operating Income (Loss)	<u>1,416,435</u>	<u>2,058,795</u>	<u>(199,965)</u>	<u>3,275,265</u>
Non-Operating Revenues (Expenses)				
Interest	-	7,886	-	7,886
System Development Fees	201,585	771,150	-	972,735
Interest and Other Charges	-	(3,101,128)	-	(3,101,128)
Sale of Capital Assets	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>201,585</u>	<u>(2,322,092)</u>	<u>-</u>	<u>(2,120,507)</u>
Income (Loss) Before Contributions and Transfers	<u>1,618,020</u>	<u>(263,297)</u>	<u>(199,965)</u>	<u>1,154,758</u>
Capital Contributions	-	155,854	7,264	163,118
Transfers In	7,472	457,472	413,644	878,588
Transfers Out	(643,800)	(169,478)	(100,000)	(913,278)
Change in Net Position	<u>981,692</u>	<u>180,551</u>	<u>120,943</u>	<u>1,283,186</u>
Net Position- Beginning	<u>22,529,789</u>	<u>30,804,538</u>	<u>3,519,042</u>	<u>56,853,369</u>
Prior Period Adjustment	-	-	1,628,561	1,623,677
Net Position- Beginning of the Year Restated	<u>22,529,789</u>	<u>30,804,538</u>	<u>5,147,603</u>	<u>58,481,930</u>
Total Net Position - Ending	<u>\$ 23,511,481</u>	<u>\$ 30,985,089</u>	<u>\$ 5,268,546</u>	<u>\$ 59,765,116</u>

Other Schedules

TOWN OF OAK ISLAND, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2022

	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	\$ 3,417,377,643	0.2800	\$ 9,568,657	\$ 9,134,605	\$ 434,053
Total Levy	<u>3,417,377,643</u>		<u>9,568,657</u>	<u>9,134,605</u>	<u>434,053</u>
Discoveries:					
Current and Previous Year Taxes	3,201,397		14,354	14,354	-
Releases					
Property Taxes - Current Year's Rate	<u>(1,867,871)</u>		<u>(1,473)</u>	<u>(1,473)</u>	<u>-</u>
Total Property Valuations	<u><u>\$ 3,418,711,169</u></u>				
Net Levy			9,581,538	9,147,486	434,053
Uncollected Taxes at June 30, 2021			<u>(222,273)</u>	<u>(222,273)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 9,359,265</u>	<u>\$ 8,925,213</u>	<u>\$ 434,053</u>
Current Levy Collection Percentage			<u>97.68%</u>	<u>97.57%</u>	<u>100.00%</u>

TOWN OF OAK ISLAND, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2021-22	\$ -	\$ 9,527,555	\$ 9,381,382	\$ 146,173
2020-21	63,721	2,346	27,316	38,751
2019-20	9,007	98	2,691	6,414
2018-19	8,054	104	690	7,468
2017-18	9,169	6	365	8,810
2016-17	3,527	6	120	3,413
2015-16	4,028	-	107	3,921
2014-15	3,706	-	212	3,494
2013-12	2,029	-	100	1,929
2012-13	1,900	-	-	1,900
2011-12	1,412	(1,412)	-	-
	<u>\$ 106,553</u>	<u>\$ 9,528,703</u>	<u>\$ 9,412,983</u>	<u>222,273</u>

Ad Valorem Taxes Receivable - Net

\$ 222,273

Reconcilement with Revenues

Ad Valorem Taxes - General Fund and Beach Renourishment

\$ 9,462,786

Reconciling Items:

Interest Collected

(30)

Penalties Collected

(49,765)

Taxes Written Off

(8)

Total Collections and Credits

\$ 9,412,983

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