

REVIEWED

By SLGFD at 10:26 am, Dec 17, 2021

TOWN OF OCEAN ISLE BEACH
Ocean Isle Beach, North Carolina

FINANCIAL STATEMENTS
Year Ended June 30, 2021

TOWN OF OCEAN ISLE BEACH

Ocean Isle Beach, North Carolina

BOARD OF COMMISSIONERS

Betty Williamson

David Green

Wayne Rowell

ADMINISTRATIVE OFFICERS

Debbie Smith

Mayor

Dean Walters

Mayor Pro-Tem

Daisy Ivey

Finance Officer & Town Administrator

Town of Ocean Isle Beach, North Carolina
Table of Contents
June 30, 2021

Exhibit

Financial Section:

Pages

	Independent Auditor's Report	1 - 3
	Management's Discussion and Analysis	4 - 11
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	12
2	Statement of Activities	13 - 14
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	15
	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund, Airport Grants Fund, and Tourist Accommodation Fund	18
6	Statement of Fund Net Position - Proprietary Funds	19
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	20
8	Statement of Cash Flows - Proprietary Funds	21 - 22
	Notes to the Financial Statements	23 - 42
	Required Supplemental Financial Data:	
	Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees’ Retirement System	43
	Schedule of Contributions – Local Government Employees’ Retirement System	44
	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	45
	Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	46

Individual Fund Statements and Schedules:Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual

General Fund	47-50
Tourist Accommodation Fund	51
New Town Hall Capital Projects Fund	52

Combining Balance Sheet for Non-Major Governmental Funds	53
--	----

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Non-Major Governmental Funds	54
--	----

Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual:

Airport Local Fund	55
Airport Grant Fund	56
Water Fund	57-58
Sewer Fund	59-60

Other Schedules:

Schedule of Ad Valorem Taxes Receivable	61
Analysis of Current Year Tax Levy - Town - Wide Levy	62

Compliance:

Report on Internal Control Over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements performed in Accordance With <i>Government Auditing Standards</i>	63-64
Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	65-66
Schedule of Findings and Questioned Costs	67-68
Corrective Action Plan	69
Summary Schedule of Prior Audit Findings	70
Schedule of Expenditures of Federal and State Awards	71

FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Ocean Isle Beach, 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 Ocean Isle Beach, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Ocean Isle Beach ABC Board were not audited in accordance with *Governmental 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, 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 Ocean Isle Beach, North Carolina, as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and Tourist Accommodation 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 Management's Discussion and Analysis, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 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 Ocean Isle Beach, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules 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 purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of the Town of Ocean Isle Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 Ocean Isle Beach's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Ocean Isle Beach

3 WEST THIRD STREET, OCEAN ISLE BEACH, NC
ZIP CODE 28469

FAX: 910-579-8804

PHONE: 910-579-2166



Management's Discussion and Analysis

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

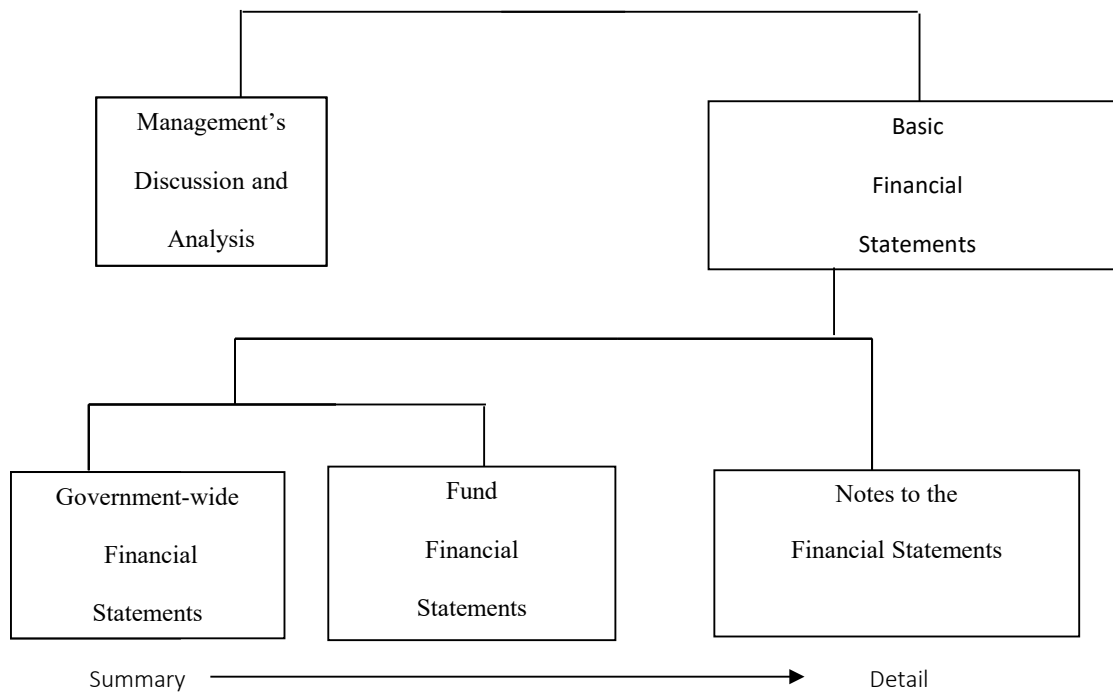
Financial Highlights

- The assets and deferred outflows of resources of the Town of Ocean Isle Beach exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$44,750,038 (*net position*).
- The Town's total net position increased by \$3,377,086, primarily due to increases in the governmental activities.
- As of the close of the current fiscal year, the Town of Ocean Isle Beach's governmental funds reported combined ending fund balances of \$22,367,362 an decrease of \$468,204 in comparison with the prior year. Approximately 24 percent of this total amount, or \$5,265,341 is available for spending at the government's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,265,341 or 66% of total general fund expenditures for the fiscal year.
- The Town of Ocean Isle Beach's total debt decreased by \$809,960 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Ocean Isle Beach'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 Ocean Isle Beach.

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 8) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements are the **notes**. The notes to the financial statements 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 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, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Ocean Isle Beach. 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 because the Board is required to distribute its profits to the Town.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Ocean Isle Beach 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 – Town of Ocean Isle Beach has two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Ocean Isle Beach uses enterprise funds to account for its water and sewer activities. 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.

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 follow Exhibit 8 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 Ocean Isle Beach's progress in funding its obligation to provide pension benefits to its employees.

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.

Government-Wide Financial Analysis

Town of Ocean Isle Beach's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 22,472,004	\$ 20,791,416	\$ 6,199,359	\$ 5,588,850	\$ 28,671,363	\$ 26,380,266
Restricted Cash	1,641,228	2,545,021	250,334	227,426	1,891,562	2,772,447
Capital assets	19,686,592	17,135,540	5,908,630	5,681,104	25,595,222	22,816,644
Total assets	43,799,824	40,471,977	12,358,323	11,497,380	56,158,147	51,969,357
Deferred outflows of resources	762,456	525,372	136,137	109,669	898,593	635,041
Long-term liabilities outstanding	9,032,841	9,364,554	512,036	432,922	9,544,877	9,797,476
Other liabilities	2,656,423	1,279,056	76,088	129,256	2,732,511	1,408,312
Total liabilities	11,689,264	10,643,610	588,124	562,178	12,277,388	11,205,788
Deferred inflows of resources	24,769	22,084	4,545	3,574	29,314	25,658
Net position:						
Net investment in capital assets	11,383,304	5,705,067	5,908,630	5,681,104	17,291,934	11,386,171
Restricted	438,853	2,915,847	-	-	438,853	2,915,847
Unrestricted	21,026,090	21,710,741	5,993,161	5,360,193	27,019,251	27,070,934
Total net position	\$ 32,848,247	\$ 30,331,655	\$ 11,901,791	\$ 11,041,297	\$ 44,750,038	\$ 41,372,952

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Ocean Isle Beach exceeded liabilities and deferred inflows by \$44,750,038 as of June 30, 2021. The Town's net position increased by \$3,377,086 for the fiscal year ended June 30, 2021. However, a portion \$17,291,934 (39%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Ocean Isle Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ocean Isle Beach's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Ocean Isle Beach's net position, \$438,853 (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$27,019,251 (60%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 100%.
- Increase in revenues within the Governmental and Business Activities.

**Town of Ocean Isle Beach
Changes in Net Assets
Figure 3**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for Services	\$ 3,616,172	\$ 2,773,425	\$ 3,625,935	\$ 2,979,336	\$ 7,242,107	\$ 5,752,761
Operating grants & contributions	2,176,625	1,402,677	-	-	2,176,625	1,402,677
Capital grants & contributions	104,603	-	-	-	104,603	-
General revenues:						
Property taxes	3,303,791	3,284,252	-	-	3,303,791	3,284,252
Other taxes	3,947,784	3,284,167	-	-	3,947,784	3,284,167
Investment earnings	73,788	236,776	14,835	42,643	88,623	279,419
Other	712,271	27,355	92,083	89,260	804,354	116,615
Total revenues	13,935,034	11,008,652	3,732,853	3,111,239	17,667,887	14,119,891
Expenses:						
General government	2,197,521	1,427,328	-	-	2,197,521	1,427,328
Public safety	2,934,334	2,544,716	-	-	2,934,334	2,544,716
Transportation	561,527	478,326	-	-	561,527	478,326
Environmental protection	111,716	100,462	-	-	111,716	100,462
Mosquito control	515	3,961	-	-	515	3,961
Economic development	3,562,608	2,321,965	-	-	3,562,608	2,321,965
Interest on long-term debt	276,594	293,131	-	-	276,594	293,131
Special projects	1,773,627	91,743	-	-	1,773,627	91,743
Water and Sewer	-	-	2,872,359	2,685,720	2,872,359	2,685,720
Total expenses	11,418,442	7,261,632	2,872,359	2,685,720	14,290,801	9,947,352
Increase (decrease) in net position before transfers	2,516,592	3,747,020	860,494	425,519	3,377,086	4,172,539
Increase (decrease) in net position	2,516,592	3,747,020	860,494	425,519	3,377,086	4,172,539
Net position, beginning	30,331,655	26,584,635	11,041,297	10,615,778	41,372,952	37,200,413
Net position, June 30, ending	\$ 32,848,247	\$ 30,331,655	\$ 11,901,791	\$ 11,041,297	\$ 44,750,038	\$ 41,372,952

Governmental activities. Governmental activities increased the Town's net position by \$2,516,592, thereby accounting for 75% of the total increase in the net position of the Town of Ocean Isle Beach. Key elements of this increase are as follows:

- Increase in revenues.

Business-type activities. Business-type activities increased the Town of Ocean Isle Beach's net position by \$860,494, accounting for 25% of the total growth in the government's net position. Key elements of this increase are as follows:

- Increased revenues.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Ocean Isle Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Ocean Isle Beach'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 of Ocean Isle Beach's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Ocean Isle Beach. At the end of the current fiscal year, Town of Ocean Isle Beach's unassigned fund balance in the General Fund was \$5,265,341, while total fund balance reached \$21,015,138. The Governing Body of Town of Ocean Isle Beach has determined that the Town should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 66% of general fund expenditures, while total fund balance represents 263% of the same amount.

At June 30, 2021 the governmental funds of Town of Ocean Isle Beach reported a combined fund balance of \$22,367,362, with a net decrease in fund balance of \$468,204. Included in this change in fund balance is an increase in the fund balance in the Tourist Accommodation fund.

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 amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary Funds. The Town of Ocean Isle Beach's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,993,161. The total change in net position funds was \$11,901,791. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Ocean Isle Beach's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Ocean Isle Beach's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$25,595,222 (net of accumulated depreciation). These assets include buildings, land, infrastructure, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- 2021 Ford Ranger
- New Town Hall
- 2021 Carolina Skiff

**Town of Ocean Isle Beach's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 11,406,008	\$ 9,096,008	\$ 1,346,936	\$ 1,346,936	\$ 12,752,944	\$ 10,442,944
Buildings and system	6,369,586	809,222	4,116,198	4,209,311	10,485,784	5,018,533
Machinery and equipment	-	-	47,364	40,240	47,364	40,240
Infrastructure	568,141	278,566	-	-	568,141	278,566
Vehicles and motor equipment	1,279,556	1,389,284	398,132	84,617	1,677,688	1,473,901
Other Improvements	63,301	66,189	-	-	63,301	66,189
Construction in progress	-	5,496,271	-	-	-	5,496,271
Total	\$ 19,686,592	\$ 17,135,540	\$ 5,908,630	\$ 5,681,104	\$ 25,595,222	\$ 22,816,644

Additional information on the Town's capital assets can be found in the notes to the Basic Financial Statements.

Long-term Debt. As of June 30, 2021 the Town of Ocean Isle Beach had total bonded debt outstanding of \$8,303,288.

	Balance			Balance
	7/1/2020	Increases	Decreases	6/30/2021
Governmental activities:				
Direct placement installment purchases	\$ 9,113,248		\$ (809,960)	\$ 8,303,288
Compensated absences	151,193	130,551	(98,599)	183,145
Governmental activity long-term liabilities	<u>\$ 9,264,441</u>	<u>\$ 130,551</u>	<u>\$ (908,559)</u>	<u>\$ 8,486,433</u>
Business-type activities:				
Compensated absences	\$ 28,434	\$ 17,979	\$ (14,406)	\$ 32,007
Business-type activity long-term liabilities	<u>\$ 28,434</u>	<u>\$ 17,979</u>	<u>\$ (14,406)</u>	<u>\$ 32,007</u>

Town of Ocean Isle Beach's Outstanding Debt

The Town of Ocean Isle Beach's total debt decreased by \$809,960 during the past fiscal year, primarily due to repayment of principal of long term debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Ocean Isle Beach is \$154,688,195.

Additional information regarding the Town of Ocean Isle Beach's long-term debt can be found in the notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- Unemployment remained steady.
- Commercial and Residential real estate development remains strong

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. Property taxes collected are expected to remain approximately the same. The Town will use increases in revenues to finance programs currently in place. No new revenues are anticipated and other current sources remain constant. Management continually seeks grants and funding from outside sources to supplement the Town's revenue streams.

Business-type Activities. The water and sewer rates in the Town were left unchanged for the coming year.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Ocean Isle Beach, 111 Causeway Drive, Ocean Isle Beach, NC 28469. You can also call (910) 579-2166.

BASIC FINANCIAL STATEMENTS

Town of Ocean Isle Beach, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government			Ocean Isle Beach ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 22,200,915	\$ 5,522,053	\$ 27,722,968	\$ 348,557
Restricted cash	1,641,228	250,334	1,891,562	-
Receivables (net)	204,055	710,396	914,451	-
Prepaid items	-	-	-	3,000
Inventories	-	33,944	33,944	398,115
Due from other funds	67,034	(67,034)	-	-
Non Current Assets:				
Capital assets:				
Land, improvements, and construction in progress	11,406,008	1,346,936	12,752,944	-
Other capital assets, net of depreciation	8,280,584	4,561,694	12,842,278	49,948
Total capital assets	19,686,592	5,908,630	25,595,222	49,948
Total assets	43,799,824	12,358,323	56,158,147	799,620
DEFERRED OUTFLOWS OF RESOURCES	\$ 762,456	\$ 136,137	\$ 898,593	\$ 35,498
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,745,870	\$ 61,682	\$ 1,807,552	\$ 403,782
Due within one year	811,954	-	811,954	-
Compensated absences payable	98,599	14,406	113,005	-
Long-term liabilities:				
Liabilities payable from restricted assets:				
Deposits	-	250,334	250,334	-
Compensated absences payable	84,546	17,601	102,147	-
Net pension liability	1,112,014	244,101	1,356,115	55,031
Total pension liability	344,947	-	344,947	-
Due in more than one year	7,491,334	-	7,491,334	-
Total liabilities	11,689,264	588,124	12,277,388	458,813
DEFERRED INFLOWS OF RESOURCES	24,769	4,545	29,314	101
NET POSITION				
Net investment in capital assets	11,383,304	5,908,630	17,291,934	49,948
Restricted for:				
Streets	111,809	-	111,809	-
State Stabilization	327,044	-	327,044	-
Working Capital	-	-	-	108,714
Unrestricted	21,026,090	5,993,161	27,019,251	217,542
Total net position	\$ 32,848,247	\$ 11,901,791	\$ 44,750,038	\$ 376,204

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

Town of Ocean Isle Beach, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
Functions/Programs	Expenses	Services	and Contributions	and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 2,197,521	\$ 86,925	\$ -	\$ -
Public safety	2,934,334	2,140,549	268,503	-
Mosquito control	515	-	-	-
Transportation	561,527	-	31,398	-
Environmental protection	111,716	4,300	2,113	-
Economic development	3,562,608	1,384,398	1,874,611	104,603
Special projects	1,773,627	-	-	-
Interest on long-term debt	276,594	-	-	-
Total governmental activities	<u>11,418,442</u>	<u>3,616,172</u>	<u>2,176,625</u>	<u>104,603</u>
Business-type activities:				
Water	1,450,737	1,919,093	-	-
Sewer	1,421,622	1,706,842	-	-
Total business-type activities	<u>2,872,359</u>	<u>3,625,935</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 14,290,801</u>	<u>\$ 7,242,107</u>	<u>\$ 2,176,625</u>	<u>\$ 104,603</u>
Component unit:				
ABC Board	<u>3,683,716</u>	<u>3,678,205</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 3,683,716</u>	<u>\$ 3,678,205</u>	<u>\$ -</u>	<u>\$ -</u>

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

Town of Ocean Isle Beach, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position				
	Primary Government			
Functions/Programs	Governmental Activities	Business-type Activities	Total	Ocean Isle Beach ABC Board
Primary government:				
Governmental Activities:				
General government	\$ (2,110,596)	\$ -	\$ (2,110,596)	\$ -
Public safety	(525,282)	-	(525,282)	-
Mosquito control	(515)	-	(515)	-
Transportation	(530,129)	-	(530,129)	-
Environmental protection	(105,303)	-	(105,303)	-
Economic development	(198,996)	-	(198,996)	-
Special projects	(1,773,627)	-	(1,773,627)	-
Interest on long-term debt	(276,594)	-	(276,594)	-
Total governmental activities	<u>(5,521,042)</u>	<u>-</u>	<u>(5,521,042)</u>	<u>-</u>
Business-type activities:				
Water	-	468,356	468,356	-
Sewer	-	285,220	285,220	-
Total business-type activities	<u>-</u>	<u>753,576</u>	<u>753,576</u>	<u>-</u>
Total Primary Government	<u>(5,521,042)</u>	<u>753,576</u>	<u>(4,767,466)</u>	<u>-</u>
Component unit:				
ABC Board	-	-	-	(5,511)
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,511)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose	3,303,791	-	3,303,791	-
Local option sales tax	234,483	-	234,483	-
Other taxes and licenses	3,713,301	-	3,713,301	-
Investment earnings, unrestricted	73,788	14,835	88,623	43
Miscellaneous	712,271	92,083	804,354	-
Total general revenues	<u>8,037,634</u>	<u>106,918</u>	<u>8,144,552</u>	<u>43</u>
Change in net position	2,516,592	860,494	3,377,086	(5,468)
Net position, beginning	30,331,655	11,041,297	41,372,952	381,672
Net position, ending	<u>\$ 32,848,247</u>	<u>\$ 11,901,791</u>	<u>\$ 44,750,038</u>	<u>\$ 376,204</u>

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

Town of Ocean Isle Beach, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds				
	General Fund	New Town Hall Capital Projects Fund	Tourist Accommodation Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,851,638	\$ -	\$ 959,315	\$ 389,962	\$ 22,200,915
Restricted cash	1,641,228	-	-	-	1,641,228
Taxes receivables, net	-	-	-	-	-
Due from other funds	122,989	-	-	-	122,989
Account receivables, net	119,796	-	83,943	316	204,055
Total assets	<u>\$ 22,735,651</u>	<u>\$ -</u>	<u>\$ 1,043,258</u>	<u>\$ 390,278</u>	<u>\$ 24,169,187</u>
LIABILITIES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 186,531	\$ -	\$ 23,779	\$ 6,141	\$ 216,451
Liabilities payable from restricted assets:					
Surety bond/Escrow payable	1,529,419	-	-	-	1,529,419
Due to other funds	4,563	-	51,376	16	55,955
Total liabilities	<u>1,720,513</u>	<u>-</u>	<u>75,155</u>	<u>6,157</u>	<u>1,801,825</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted					
Stabilization by State Statute	242,785	-	83,943	316	327,044
Streets - Powell Bill	111,809	-	-	-	111,809
Committed					
Economic development	15,395,203	-	884,160	383,805	16,663,168
Unassigned	5,265,341	-	-	-	5,265,341
Total fund balances	<u>21,015,138</u>	<u>-</u>	<u>968,103</u>	<u>384,121</u>	<u>22,367,362</u>
Total Liabilities, deferred inflows of resources and fund balances	<u>\$ 22,735,651</u>	<u>\$ -</u>	<u>\$ 1,043,258</u>	<u>\$ 390,278</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					19,686,592
Liabilities for Earned revenues but considered deferred inflows in fund statements.					-
Deferred outflows of resources related to pensions are not reported in the funds.					762,456
Other long-term assets (accrued interest from taxes) are not available to pay current period expenditures and therefore are inflows of resources in the funds.					-
Deferred inflows of resources related to pensions are not reported in the funds					(24,769)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.					(8,486,433)
Total pension liability.					(344,947)
Net pension liability.					<u>(1,112,014)</u>
Net position of governmental activities					<u>\$ 32,848,247</u>

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

Town of Ocean Isle Beach, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			Total Non-Major Fund	Total Governmental Funds
	General Fund	New Town Hall Capital Projects Fund	Tourist Accommodation Fund		
REVENUES					
Ad valorem taxes	\$ 3,445,905	\$ -	\$ -	\$ -	\$ 3,445,905
Other taxes and licenses	8,963	-	2,908,672	-	2,917,635
Unrestricted intergovernmental	1,030,149	-	-	-	1,030,149
Restricted intergovernmental	1,458,524	-	104,603	718,101	2,281,228
Permits and fees	2,195,774	-	-	-	2,195,774
Sales and services	1,330,913	-	-	-	1,330,913
Investment earnings	69,561	2,378	1,670	179	73,788
Miscellaneous	-	-	78,035	11,450	89,485
Total revenues	<u>9,539,789</u>	<u>2,378</u>	<u>3,092,980</u>	<u>729,730</u>	<u>13,364,877</u>
EXPENDITURES					
Current:					
General government	2,094,774	-	-	-	2,094,774
Public safety	2,562,545	-	-	-	2,562,545
Transportation	497,528	-	-	-	497,528
Mosquito control	515	-	-	-	515
Special projects	1,773,627	-	-	-	1,773,627
Environmental protection	111,716	-	-	-	111,716
Economic development	-	2,319,603	3,437,591	660,899	6,418,093
Debt principal	709,960	-	100,000	-	809,960
Debt interest	245,660	-	30,934	-	276,594
Total expenditures	<u>7,996,325</u>	<u>2,319,603</u>	<u>3,568,525</u>	<u>660,899</u>	<u>14,545,352</u>
Excess (deficiency) of revenues over expenditures	<u>1,543,464</u>	<u>(2,317,225)</u>	<u>(475,545)</u>	<u>68,831</u>	<u>(1,180,475)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Proceeds from installment purchase	-	-	-	-	-
Proceeds from sale of fixed assets	445,526	-	-	-	445,526
Insurance recovery	266,745	-	-	-	266,745
Transfers to other funds	<u>(1,260,650)</u>	<u>-</u>	<u>1,260,650</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(548,379)</u>	<u>-</u>	<u>1,260,650</u>	<u>-</u>	<u>712,271</u>
Net change in fund balance	995,085	(2,317,225)	785,105	68,831	(468,204)
Fund balances-beginning	<u>20,020,053</u>	<u>2,317,225</u>	<u>182,998</u>	<u>315,290</u>	<u>22,835,566</u>
Fund balances-ending	<u>\$ 21,015,138</u>	<u>\$ -</u>	<u>\$ 968,103</u>	<u>\$ 384,121</u>	<u>\$ 22,367,362</u>

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

Town of Ocean Isle Beach, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$ (468,204)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	3,086,635	
Depreciation expense for governmental assets	<u>(535,583)</u>	
		2,551,052

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	236,098
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Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	43,118
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in unavailable revenue for tax revenues	(153,072)
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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	31,952
Pension expense	(534,312)

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 principal payments on long-term debt and related items.

	<u>809,960</u>
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Total changes in net position of governmental activities	<u><u>\$ 2,516,592</u></u>
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Town of Ocean Isle Beach, North Carolina
General Fund and Annually Budgeted Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2021

	General Fund				Tourist Accommodation Fund			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:								
Ad valorem taxes	\$ 3,215,132	\$ 3,432,158	\$ 3,445,905	\$ 13,747	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	6,700	8,963	8,963	-	2,704,446	2,704,446	2,908,672	204,226
Unrestricted intergovernmental	866,080	1,046,906	1,030,149	(16,757)	-	-	-	-
Restricted intergovernmental	52,170	1,453,172	1,458,524	5,352	104,603	104,603	104,603	-
Permits and fees	442,000	2,207,203	2,195,774	(11,429)	-	-	-	-
Sales and services	5,439,525	2,241,486	1,330,913	(910,573)	-	-	-	-
Investment earnings	155,000	155,000	69,561	(85,439)	2,000	2,000	1,670	(330)
Miscellaneous	6,500	-	-	-	80,000	80,000	78,035	(1,965)
Total revenues	<u>10,183,107</u>	<u>10,544,888</u>	<u>9,539,789</u>	<u>(1,005,099)</u>	<u>2,891,049</u>	<u>2,891,049</u>	<u>3,092,980</u>	<u>201,931</u>
Expenditures								
Current:								
General government	1,365,614	2,170,314	2,094,774	75,540	-	-	-	-
Public safety	2,747,118	2,711,576	2,562,545	149,031	-	-	-	-
Transportation	592,436	610,679	497,528	113,151	-	-	-	-
Mosquito control	8,750	8,750	515	8,235	-	-	-	-
Special projects	9,864,253	8,278,730	1,773,627	6,505,103	-	-	-	-
Environmental protection	115,000	115,000	111,716	3,284	-	-	-	-
Economic development	-	-	-	-	4,020,765	4,020,765	3,437,591	583,174
Debt principal	-	709,961	709,960	1	100,000	100,000	100,000	-
Debt interest	-	245,660	245,660	-	30,934	30,934	30,934	-
Total expenditures	<u>14,693,171</u>	<u>14,850,670</u>	<u>7,996,325</u>	<u>6,854,345</u>	<u>4,151,699</u>	<u>4,151,699</u>	<u>3,568,525</u>	<u>583,174</u>
Revenues over (under) expenditures	(4,510,064)	(4,305,782)	1,543,464	5,849,246	(1,260,650)	(1,260,650)	(475,545)	785,105
Other financing sources (uses):								
Proceeds from installment purchase	-	-	-	-	-	-	-	-
Proceeds from the sale of fixed assets	-	445,835	445,526	(309)	-	-	-	-
Insurance recovery	-	-	266,745	266,745	-	-	-	-
Transfers (to)/from	-	(1,060,650)	(1,260,650)	(200,000)	1,260,650	1,260,650	1,260,650	-
Fund Balance Appropriated	<u>4,510,064</u>	<u>4,920,597</u>	<u>-</u>	<u>(4,920,597)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,510,064</u>	<u>4,305,782</u>	<u>(548,379)</u>	<u>(4,854,161)</u>	<u>1,260,650</u>	<u>1,260,650</u>	<u>1,260,650</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	995,085	\$ <u>995,085</u>	\$ <u>-</u>	\$ <u>-</u>	785,105	\$ <u>785,105</u>
Fund balances:								
Beginning of year, July 1			20,020,053				182,998	
End of year, June 30			<u>\$ 21,015,138</u>				<u>\$ 968,103</u>	

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

Town of Ocean Isle Beach, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Major Enterprise Funds		Totals
	Water Fund	Sewer Fund	June 30, 2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,864,385	\$ 1,657,668	\$ 5,522,053
Accounts Receivable (net)	261,010	449,386	710,396
Due from other funds	12,949	25,141	38,090
Inventories	14,690	19,254	33,944
Total current assets	<u>4,153,034</u>	<u>2,151,449</u>	<u>6,304,483</u>
Noncurrent assets:			
Restricted cash and cash equivalents	250,334	-	250,334
Capital assets (net)	<u>4,268,747</u>	<u>1,639,883</u>	<u>5,908,630</u>
Total assets	<u>8,672,115</u>	<u>3,791,332</u>	<u>12,463,447</u>
Deferred Outflows of Resources	<u>\$ 105,884</u>	<u>\$ 30,253</u>	<u>\$ 136,137</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 47,735	\$ 13,947	\$ 61,682
Due to other funds	72,134	32,990	105,124
Compensated absences payable	13,908	498	14,406
Total	<u>133,777</u>	<u>47,435</u>	<u>181,212</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Deposits	250,334	-	250,334
Net pension liability	189,856	54,245	244,101
Compensated absences payable	17,601	-	17,601
Total	<u>457,791</u>	<u>54,245</u>	<u>512,036</u>
Total liabilities	<u>591,568</u>	<u>101,680</u>	<u>693,248</u>
Deferred Inflows of Resources	<u>3,535</u>	<u>1,010</u>	<u>4,545</u>
Net Position			
Net investment in capital assets	4,268,747	1,639,883	5,908,630
Unrestricted	3,914,149	2,079,012	5,993,161
Total net position	<u>\$ 8,182,896</u>	<u>\$ 3,718,895</u>	<u>\$ 11,901,791</u>

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

Town of Ocean Isle Beach, North Carolina
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Funds		Totals
	Water Fund	Sewer Fund	June 30, 2021
Operating revenues:			
Charges for services	\$ 1,510,652	\$ 1,576,351	\$ 3,087,003
Water & Sewer taps	89,477	13,500	102,977
Other operating revenues	318,964	116,991	435,955
Total operating revenues	<u>1,919,093</u>	<u>1,706,842</u>	<u>3,625,935</u>
Operating expenses:			
Administration	135,404	15,361	150,765
Operations	1,218,202	1,305,582	2,523,784
Depreciation	97,131	100,679	197,810
Total operating expenses	<u>1,450,737</u>	<u>1,421,622</u>	<u>2,872,359</u>
Operating income	<u>468,356</u>	<u>285,220</u>	<u>753,576</u>
Nonoperating revenues (expenses):			
Investment earnings	10,539	4,296	14,835
Interest and fees	-	-	-
Lease	92,083	-	92,083
Total nonoperating revenues (expenses)	<u>102,622</u>	<u>4,296</u>	<u>106,918</u>
Net Income before transfers and capital contributions	<u>570,978</u>	<u>289,516</u>	<u>860,494</u>
Capital contributions	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	570,978	289,516	860,494
Net Position - Beginning	<u>7,611,918</u>	<u>3,429,379</u>	<u>11,041,297</u>
Total net position, Ending	<u>\$ 8,182,896</u>	<u>\$ 3,718,895</u>	<u>\$ 11,901,791</u>

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

Town of Ocean Isle Beach, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2021

	Major Enterprise Funds		Totals
	Water Fund	Sewer Fund	June 30, 2021
Cash flows from operating activities:			
Cash received from customers	\$ 1,908,714	\$ 1,645,837	\$ 3,554,551
Cash paid for goods and services	(960,213)	(1,277,873)	(2,238,086)
Cash paid to employees for services	(336,854)	(122,065)	(458,919)
Customer deposits net	22,908	-	22,908
Net cash provided/(used) by operating activities	<u>634,555</u>	<u>245,899</u>	<u>880,454</u>
Cash flows from noncapital financing activities:			
Lease/rental proceeds	<u>92,083</u>	<u>-</u>	<u>92,083</u>
Net cash provided/(used) by noncapital financing activities	<u>92,083</u>	<u>-</u>	<u>92,083</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(14,665)	(410,674)	(425,339)
Net cash provided/(used) by capital and related financing activities	<u>(14,665)</u>	<u>(410,674)</u>	<u>(425,339)</u>
Cash flows from investing activities:			
Interest on investments	<u>10,539</u>	<u>4,296</u>	<u>14,835</u>
Net increase(decrease) in cash and cash equivalents	722,512	(160,479)	562,033
Cash and cash equivalents:			
Beginning of year, July 1	3,392,207	1,818,147	5,210,354
End of year, June 30	<u>\$ 4,114,719</u>	<u>\$ 1,657,668</u>	<u>\$ 5,772,387</u>

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

Town of Ocean Isle Beach, North Carolina
Proprietary Fund
Statement of Cash Flows
For The Year Ended June 30, 2021

	Water Fund	Sewer Fund	Totals June 30, 2021
Reconciliation of operating income to net cash provided by operating activities			
Operating income/(loss)	\$ 468,356	\$ 285,220	\$ 753,576
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	97,131	100,679	197,810
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	(10,379)	(61,005)	(71,384)
Increase (decrease) in accounts payable and accrued liabilities	31,952	(86,020)	(54,068)
Increase (decrease) in net pension liability	44,418	12,691	57,109
(Increase) decrease in deferred outflows of resources for pensions	(20,586)	(5,882)	(26,468)
Increase (decrease) in deferred inflows of resources for pensions	755	216	971
Increase(decrease) in deposits	22,908	-	22,908
Total adjustments	166,199	(39,321)	126,878
Net cash provided/(used) by operating activities	\$ 634,555	\$ 245,899	\$ 880,454

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Ocean Isle Beach, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Ocean Isle Beach, NC 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 Ocean Isle Beach (the "Town") is a municipal corporation, that is governed by an elected mayor and a six-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 financial statements in order to emphasize that it is legally separate from the Town.

Town of Ocean Isle Beach ABC Board

The members of the ABC Board's governing board are 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 ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Ocean Isle Beach ABC Board, 1505 Ocean Isle Beach Road, Ocean Isle Beach, North Carolina 28469.

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 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 specific 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 specific 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. Separate statements for each fund category – *governmental* and *proprietary* – 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.

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 public safety, street maintenance and construction, and sanitation services.

New Town Hall Capital Project Fund. This fund is used to account for construction of the new town hall.

Tourist Accommodation Tax Fund. This fund is used to account for accommodation tax monies.

The Town reports the following non-major governmental funds:

Airport Grant Fund. This fund is used to account for development of the airport with grant monies.

Airport Local Fund. This fund is used to account for development of the airport.

The Town reports the following major enterprise funds:

Water Fund and Sewer Fund. These two separate funds are used to account for the Town's water and sewer operations.

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 and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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 principal 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.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as 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. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Ocean Isle Beach 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 position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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, Tourist Accommodations Fund, Airport Grant Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. A project ordinance was adopted for the New Town Hall Capital Project Fund. 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 Finance Officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim that covers that time until the annual ordinance can be adopted.

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 and the ABC board 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. The NCCMT Term Portfolio is bond fund, has no rating and 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. 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, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

4. 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.

5. Inventory

The inventories of the ABC Board are valued at cost (first in, first out), which approximates market.

The inventories of the Town's enterprise funds and the Town of Ocean Isle Beach ABC Board consist of product which is sold at a profit. The cost of these inventories are expensed when consumed rather than when purchased.

6. 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 for the Town's assets is \$5,000. All other 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 estimate historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Other assets of the Town are depreciated on a class life basis at the following rates:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	2%
Buildings	2%
Furniture and office equipment	20%
Maintenance and construction equipment	20%
Medium and heavy motor vehicles	20%
Automobiles and light trucks	20%

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Furniture & Equipment	10 years
Leasehold Improvements	10-20 years
Computers, etc.	3 years

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion, pension deferrals for the 2021 fiscal year. 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 only two items that meet the criterion for this category - property taxes receivable and pension deferrals.

8. 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 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 amortized over the life of the debt.

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 withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

9. Compensated Absences

The vacation leave is accumulated at the rate of up to thirty (30) days per year with each leave being fully vested when earned. For the Town's government wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded with the funds as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time 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 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.

10. Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Also, customer deposits and monies held in escrow.

Town Restricted Cash

Enterprise Fund

Customer Deposits	\$ 250,334
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General Fund

Escrow Deposits	1,529,419
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Powell Bill Funds	111,809
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Total Restricted Cash	<u>\$ 1,891,562</u>
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11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are 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.

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.

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining 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 a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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 total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Ocean Isle Beach's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. 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.

Assigned Fund Balance – portion of fund balance that the Town of Ocean Isle Beach 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 Ocean Isle Beach 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 balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

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's employer contributions are recognized when due and the Town 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

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

3. Deficit in Fund Balance or Net Position of Individual Funds

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 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 or ABC Board, these deposits are considered to be held by the Town's or ABC Boards 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 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 credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$29,614,530 and a bank balance of \$29,911,916. \$2,000,000 of which was covered by federal depository insurance. The rest of which was covered under the pooling method. The ABC Board's deposits had a carrying amount of \$344,339 and a bank balance of \$494,476. The ABC Board had cash on hand that amounted to \$4,218 at year end. All of the bank balance was covered by federal depository insurance.

2. Investments

All investments of the Town are in local banks, as Smart Money Market interest bearing accounts and certificates of deposit.

3. Receivables

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Other	Total
Governmental Activities:					
General	\$ 9,878	\$ -	\$ 109,918	\$ -	\$ 119,796
Special Revenue	84,259	-	-	-	84,259
Total Governmental Activities	<u>\$ 94,137</u>	<u>\$ -</u>	<u>\$ 109,918</u>	<u>\$ -</u>	<u>\$ 204,055</u>
Business-Type Activities:					
Water	\$ 665,732	\$ -	\$ 44,664	\$ -	\$ 710,396
Total Business-Type Activities	<u>\$ 665,732</u>	<u>\$ -</u>	<u>\$ 44,664</u>	<u>\$ -</u>	<u>\$ 710,396</u>

Receivables - Allowances for Doubtful Accounts

No allowance for doubtful accounts was considered necessary.

4. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,096,008	\$ 2,310,000	\$ -	\$ 11,406,008
Construction in progress	5,496,271	1,779,360	(7,275,631)	-
Total capital assets not being depreciated	14,592,279	4,089,360	(7,275,631)	11,406,008
Capital assets being depreciated:				
Buildings	1,492,021	5,691,470	-	7,183,491
Other improvements	397,804	-	-	397,804
Equipment and Vehicles	4,253,602	247,275	-	4,500,877
Infrastructure	789,842	334,161	-	1,124,003
Total capital assets being depreciated	6,933,269	6,272,906	-	13,206,175
Less accumulated depreciation for:				
Buildings	682,799	131,106		813,905
Other improvements	331,615	2,888		334,503
Equipment and Vehicles	2,864,318	357,003		3,221,321
Infrastructure	511,276	44,586		555,862
Total accumulated depreciation	4,390,008	\$ 535,583	\$ -	4,925,591
Total capital assets being depreciated, net	2,543,261			8,280,584
Governmental activity capital assets, net	\$ 17,135,540			\$ 19,686,592

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

General Government	\$ 57,354
Public Safety	385,679
Economic Development	3,535
Public Works	89,015
Total Depreciation Expense	<u>\$ 535,583</u>

Business-Type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund				
Capital assets not being depreciated:				
Land	\$ 486,374	\$ -	\$ -	\$ 486,374
Total capital assets not being depreciated	486,374	-	-	486,374
Capital assets being depreciated:				
Building	106,963		-	106,963
Plant and Distribution Systems	5,142,222			5,142,222
Furniture, Equipment & Maintenance	384,481	14,665		399,146
Vehicles	205,169			205,169
Total capital assets being depreciated	5,838,835	14,665	-	5,853,500
Less accumulated depreciation for:				
Building	59,430	1,673		61,103
Plant and Distribution Systems	1,402,438	73,712		1,476,150
Furniture, Equipment & Maintenance	362,959	10,547		373,506
Vehicles	149,167	11,201		160,368
Total accumulated depreciation	1,973,994	\$ 97,133	\$ -	2,071,127
Total capital assets being depreciated, net	3,864,841			3,782,373
Water Fund capital assets, net	\$ 4,351,215			\$ 4,268,747

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 860,562	\$ -	\$ -	\$ 860,562
Total capital assets not being depreciated	860,562	-	-	860,562
Capital assets being depreciated:				
Building	74,930	-	-	74,930
Plant and Distribution Systems	811,459			811,459
Furniture, Equipment & Maintenance	457,128	3,665		460,793
Vehicles	62,941	407,009		469,950
Total capital assets being depreciated	1,406,458	410,674	-	1,817,132
Less accumulated depreciation for:				
Building	3,154	1,499		4,653
Plant and Distribution Systems	461,241	16,229		477,470
Furniture, Equipment & Maintenance	438,410	659		439,069
Vehicles	34,326	82,293		116,619
Total accumulated depreciation	937,131	\$ 100,680	\$ -	1,037,811
Total capital assets being depreciated, net	469,327			779,321
Sewer Fund capital assets, net	\$ 1,329,889			\$ 1,639,883
	Beginning Balances	Increases	Decreases	Ending Balances
Total Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,346,936	\$ -	\$ -	\$ 1,346,936
Total capital assets not being depreciated	1,346,936	-	-	1,346,936
Capital assets being depreciated:				
Building	181,893	-	-	181,893
Plant and Distribution Systems	5,953,681	-	-	5,953,681
Furniture, Equipment & Maintenance	841,609	18,330	-	859,939
Vehicles	268,110	407,009	-	675,119
Total capital assets being depreciated	7,245,293	425,339	-	7,670,632
Less accumulated depreciation for:				
Building	62,584	3,172	-	65,756
Plant and Distribution Systems	1,863,679	89,941	-	1,953,620
Furniture, Equipment & Maintenance	801,369	11,206	-	812,575
Vehicles	183,493	93,494	-	276,987
Total accumulated depreciation	2,911,125	\$ 197,813	\$ -	3,108,938
Total capital assets being depreciated, net	4,334,168			4,561,694
Total business-type activities, net	\$ 5,681,104			\$ 5,908,630

Discretely Presented Component Unit:

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

	Cost	Accumulated Depreciation	Net Amount
Furniture & Equipment	\$ 87,538	\$ (37,590)	\$ 49,948
Total	\$ 87,538	\$ (37,590)	\$ 49,948

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town 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 governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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. 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 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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town 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's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.21% for general employees, 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 were \$287,924 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$1,356,115 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2020, the Town's proportion was 0.03795%, which was a decrease of 0.00009% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$563,551. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 171,254	\$ -
Changes of assumptions	100,922	-
Net difference between projected and actual earnings on pension plan investments	190,837	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	5,377	25,253
Town's contributions subsequent to the measurement date	287,924	-
Total	<u>\$ 756,314</u>	<u>\$ 25,253</u>

\$287,924 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 asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ 123,371
2023	164,209
2024	99,078
2025	56,479
2026	-
Thereafter	-
	<u>\$ 443,137</u>

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

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of position plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 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%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LRS. 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%)
Town's proportionate share of	\$2,751,410	\$1,356,115	\$196,527

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

2. Deferred Outflows and Inflows of Resources

The Town has one deferred outflows of resources. Deferred outflows of resources is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	287,924
Benefit payments made and administrative expenses for LEOSSA	-
Differences between expected and actual experience	189,260
Changes of assumptions	225,195
Net difference between projected and actual earnings on pension plan investments	190,837
Changes in proportion and differences between Town's contributions and proportionate share of contributions	5,377
Total	<u>\$ 898,593</u>

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

Pension deferrals	\$ 29,314
Taxes Receivable	\$ -

b. Law Enforcement Officers Special Separation Allowance*Plan Description*

The Town of Ocean Isle Beach 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 creditable service or have attained 55 years of age and have completed five or more years of creditable 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. The Town has made no contributions to this plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	12
Total	<u>12</u>

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 Statement 73.

Actuarial Assumptions

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

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

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

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

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$344,947. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$47,179.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,006	\$ -
Changes of assumptions and other inputs	124,273	4,061
Benefit payments and administrative expenses subsequent to the measurement date.	-	-
Total	<u>\$ 142,279</u>	<u>\$ 4,061</u>

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
2022	27,281
2023	26,217
2024	24,714
2025	22,797
2026	21,634
Thereafter	15,575
	<u>\$ 138,218</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (3.93 percent) than the current rate:

	1 % Decrease (0.93%)	Discount Rate (1.93 %)	1% Increase (3.93%)
Town's proportionate share of the net pension liability (asset)	\$376,210	\$344,947	\$316,034

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2021
Beginning balance	\$ 179,519
Service Cost	14,197
Interest on the total pension liability	5,852
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	7,484
Changes of assumptions or other inputs	137,895
Benefit payments	-
Other changes	-
Ending balance of the total	<u>\$ 344,947</u>

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

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

d. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental 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 employees 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 months 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.

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 \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon percentage of the total insurance values.

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 each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

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 is eligible to and had purchased commercial flood insurance for a total of \$500,000 for three structures.

Town of Ocean Isle Beach ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage's. The ABC Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years.

5. Claims, Judgments, and Contingent Liabilities

None.

6. Long Term Obligations

a. Installment Purchases

On March 13, 2015 the Town entered into a direct placement installment/purchase contract for the purchase of land for a park area. The property is pledged as collateral for the debt while the debt is outstanding. The contract will be paid in annual installments of \$160,000 plus interest at 2.46% per annum for 10 years. The balance at June 30, 2021 was \$480,000.

On July 31, 2017 the Town entered into a direct placement installment/purchase contract for the purchase of land. The property is pledged as collateral for the debt while the debt is outstanding. The contract will be paid in annual installments of \$125,000 plus interest at 2.54% per annum for 10 years. The balance at June 30, 2021 was \$875,000.

On October 10, 2017 the Town entered into a direct placement installment/purchase contract for the purchase of a fire truck. The property is pledged as collateral for the debt while the debt is outstanding. The contract will be paid in annual installments plus interest at 2.275% per annum for 10 years. The balance at June 30, 2021 was \$559,317.

On December 14, 2018 the Town entered into a direct placement installment/purchase contract for the purchase of a piece of land. The property is pledged as collateral for the debt while the debt is outstanding. The contract will be paid in annual installments of \$100,000 plus interest at 3.39% per annum for 10 years. The balance at June 30, 2021 was \$800,000.

On December 14, 2018 the Town entered into a direct placement installment/purchase contract for the Town Hall building. The property is pledged as collateral for the debt while the debt is outstanding. The contract will be paid in annual installments of \$285,000 plus interest at 3.25% per annum for 20 years. The balance at June 30, 2021 was \$5,130,000.

On December 23, 2019 the Town entered into a direct placement installment/purchase contract for the purchase of a pumper truck. The property is pledged as collateral for the debt while the debt is outstanding. The contract will be paid in annual installments of \$53,997 plus interest at 2.31% per annum for 10 years. The balance at June 30, 2021 was \$458,971.

The future minimum payments of the direct placement installment purchases as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	811,954	253,712
2023	813,995	230,423
2024	816,083	211,023
2025	658,219	183,703
2026	660,405	164,205
Next Five Years	2,262,632	557,360
Next Five Years	1,425,000	281,734
Next Five Years	855,000	56,347
	<u>\$ 8,303,288</u>	<u>\$ 1,938,507</u>

General Obligation Indebtedness

None.

e. Changes in Long-Term Liabilities

	Balance 1-Jul-20	Increases	Decreases	Balance 30-Jun-21	Current Portion
Governmental activities:					
Direct Placement Installment Purchases	\$ 9,113,248		\$ (809,960)	\$ 8,303,288	\$ 811,954
Net pension liability (LGERS)	851,851	260,163	-	1,112,014	-
Total pension liability (LEO)	179,519	165,428	-	344,947	-
Compensated absences	151,193	130,551	(98,599)	183,145	98,599
Governmental activity long-term liabilities	<u>\$ 10,295,811</u>	<u>\$ 556,142</u>	<u>\$ (908,559)</u>	<u>\$ 9,943,394</u>	<u>\$ 910,553</u>
Business-type activities:					
Compensated absences	\$ 28,434	\$ 17,979	\$ (14,406)	\$ 32,007	\$ 14,406
Net pension liability (LGERS)	186,992	57,109	-	244,101	-
Business-type activity long-term liabilities	<u>\$ 215,426</u>	<u>\$ 75,088</u>	<u>\$ (14,406)</u>	<u>\$ 276,108</u>	<u>\$ 14,406</u>

At June 30, 2021, the Town of Ocean Isle Beach had a legal debt margin of \$154,688,195.

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2021 is as follows (shown net):

Interfund Balances (Net)

Due to/from Other Funds on June 30, 2021, consist of the following:

Due to Water Fund

Due to Water Fund from the General Fund for expenditures	\$ 12,949
	<u>\$ 12,949</u>

Due to Sewer Fund

Due to Sewer Fund from the General Fund for expenditures	\$ 6,607
Due to Sewer Fund from the Water Fund for expenditures	18,534
	<u>\$ 25,141</u>

Due to General Fund

Due to General Fund from the Accommodation Fund for expenditures	\$ 51,376
Due to General Fund from the Sewer Fund for expenditures	26,384
Due to General Fund from the Water Fund for expenditures	45,213
Due to General Fund from the Airport - Local Fund for expenditures	16
Total	<u>\$ 122,989</u>

Due from Water Fund

Due to Water Fund from the Sewer Fund for expenditures	\$ 18,534
Due to General Fund from Water Fund for expenditures	53,600
	<u>\$ 72,134</u>

Due from Sewer Fund

Due to General Fund from Sewer Fund for expenditures	\$ 32,990
	<u>\$ 32,990</u>

Due from General Fund

Due to Water Fund from the General Fund for expenditures	4,563
Total	<u>\$ 4,563</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

D.	Total fund balance - General Fund	\$ 21,015,138
	Less:	
	Stabilization by State Statute	242,785
	Streets - Powell Bill	111,809
	Economic Development	15,395,203
	Remaining Fund Balance	\$ 5,265,341

IV. 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.

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted
accounting principals.

Schedule of the Proportionate Share of the Net Pension
Liability – Local Government Employees’ Retirement
System

Schedule of Contributions – Local Government
Employees’ Retirement System

Schedule of Changes in Total Pension Liability - Law
Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of
Covered Payroll - Law Enforcement Officers' Special
Separation Allowance

Town of Ocean Isle Beach, North Carolina
Town of Ocean Isle Beach's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years*

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset) (%)	0.03795%	0.03804%	0.0366%	0.0410%	0.0377%	0.0332%	0.3930%	4.1800%
Board's proportion of the net pension liability (asset) (\$)	\$ 1,356,115	\$ 1,038,843	\$ 867,565	\$ 626,978	\$ 800,759	\$ 149,962	\$ (231,770)	\$ 503,851
Board's covered-employee payroll	\$ 2,446,138	\$ 2,409,784	\$ 2,429,461	\$ 2,335,338	\$ 2,092,376	\$ 1,934,271	\$ 2,000,311	\$ 2,091,981
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.44%	43.11%	35.71%	26.85%	38.27%	7.75%	(11.59%)	24.08%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98..09%	102.64%	94.35%

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

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

Town of Ocean Isle Beach, North Carolina
Town of Ocean Isle Beach's Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 287,924	\$ 225,053	\$ 192,662	\$ 188,106	\$ 175,298	\$ 143,408	\$ 138,383	\$ 142,569
Contributions in relation to the contractually required contribution	287,924	225,053	192,662	188,106	175,298	143,408	138,383	142,569
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,776,466	\$ 2,446,138	\$ 2,409,784	\$ 2,429,461	\$ 2,335,338	\$ 2,092,376	\$ 1,934,271	\$ 2,000,311
Contributions as a percentage of covered-employee payroll	10.37%	9.20%	7.99%	7.74%	7.51%	6.85%	7.15%	7.13%

Town of Ocean Isle Beach, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 179,519	\$ 176,149	\$ 169,081	\$ 165,152	\$ 183,637
Service Cost	14,197	11,866	13,315	10,479	9,917
Interest on the total pension liability	5,852	6,018	4,986	5,822	5,996
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	7,484	726	18,617	6,417	-
Changes of assumptions or other inputs	137,895	6,373	(7,283)	9,851	(3,059)
Benefit payments	-	(21,613)	(22,567)	(28,640)	(31,339)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 344,947</u>	<u>\$ 179,519</u>	<u>\$ 176,149</u>	<u>\$ 169,081</u>	<u>\$ 165,152</u>

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

Town of Ocean Isle Beach, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 344,947	\$ 179,519	\$ 176,149	\$ 169,081	\$ 165,152
Covered payroll	684,248	615,773	620,116	621,162	561,605
Total pension liability as a percentage of covered payroll	50.41%	29.15%	28.41%	27.22%	29.41%

Notes to the schedules:

The Town of Ocean Isle Beach has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Ocean Isle Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 3,423,158	\$
Penalties and interest		22,747	
Total	<u>3,432,158</u>	<u>3,445,905</u>	<u>13,747</u>
Other taxes and licenses:			
Licenses & Fees		8,963	
Total	<u>8,963</u>	<u>8,963</u>	<u>-</u>
Unrestricted intergovernmental:			
ABC profit distribution		365,195	
Utility sales tax		306,864	
Local option sales taxes		234,483	
Telecommunications tax		6,839	
Video programming		82,511	
Beer and wine tax		2,869	
Tax/ Other Refunds		31,388	
Total	<u>1,046,906</u>	<u>1,030,149</u>	<u>(16,757)</u>
Restricted intergovernmental:			
Federal and State grants		1,404,813	
ABC police distribution		14,805	
Mosquito control grant		2,113	
CAMA grant		5,395	
Powell Bill allocation		31,398	
Total	<u>1,453,172</u>	<u>1,458,524</u>	<u>5,352</u>
Permits and fees:			
CAMA local fees		4,300	
Contractor/Development fees		714,747	
Business registration fee		6,485	
Miscellaneous		44,440	
Fire fees		1,411,779	
Public safety fees/donations		14,023	
Total	<u>2,207,203</u>	<u>2,195,774</u>	<u>(11,429)</u>

Town of Ocean Isle Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

Sales and services:			
Canal dredge project		119,021	
Beach erosion		1,166,368	
Sale of promotional items/assets		9,524	
Rent		36,000	
Total	<u>2,241,486</u>	<u>1,330,913</u>	<u>(910,573)</u>
Investment earnings	<u>155,000</u>	<u>69,561</u>	<u>(85,439)</u>
Total Revenues	<u>10,544,888</u>	<u>9,539,789</u>	<u>(1,005,099)</u>
General government:			
Administration:			
Salaries & benefits		559,002	
Operating expense		225,776	
Capital Outlay		12,433	
Total	<u>861,587</u>	<u>797,211</u>	<u>64,376</u>
Building Inspector/Planning:			
Salaries & benefits		382,236	
Operating expense		99,345	
Capital Outlay		29,880	
Total	<u>512,888</u>	<u>511,461</u>	<u>1,427</u>
Governing board:			
Salaries & benefits		28,089	
Operating expense		5,886	
Capital Outlay		-	
Total	<u>35,539</u>	<u>33,975</u>	<u>1,564</u>
Public Buildings/Property:			
Salaries & benefits		32,848	
Operating expense		719,279	
Capital Outlay		-	
Total	<u>760,300</u>	<u>752,127</u>	<u>8,173</u>
Total General Government	<u>2,170,314</u>	<u>2,094,774</u>	<u>75,540</u>
Environmental:			
Contracted Services		111,716	
Total	<u>115,000</u>	<u>111,716</u>	<u>3,284</u>

Town of Ocean Isle Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

Streets:

Salaries & benefits		332,564	
Operating expense		121,955	
Capital Outlay		43,009	
Total	<u>610,679</u>	<u>497,528</u>	<u>113,151</u>

Public Safety:

Police:

Salaries & benefits		1,068,649	
Operating expense		132,265	
Capital Outlay		75,397	
Total	<u>1,370,844</u>	<u>1,276,311</u>	<u>94,533</u>

Fire:

Salaries & benefits		1,064,722	
Operating expense		115,064	
Capital Outlay		106,448	
Total	<u>1,340,732</u>	<u>1,286,234</u>	<u>54,498</u>

Total Public Safety	<u>2,711,576</u>	<u>2,562,545</u>	<u>149,031</u>
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Mosquito control:

Salaries & benefits		-	
Operating expense		515	
Capital Outlay		-	
Total	<u>8,750</u>	<u>515</u>	<u>8,235</u>

Special projects:

Dredging		1,661,547	
Land acquisition		-	
Erosion control		112,080	
Total	<u>8,278,730</u>	<u>1,773,627</u>	<u>6,505,103</u>

Debt principal		709,960	
Debt interest		245,660	
Total	<u>955,621</u>	<u>955,620</u>	<u>1</u>

Total Expenditures	<u>14,850,670</u>	<u>7,996,325</u>	<u>6,854,345</u>
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Revenues over (under) expenditures	(4,305,782)	1,543,464	5,849,246
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Town of Ocean Isle Beach, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

Other financing sources (uses):

Proceeds from installment purchase			
Proceeds from sale of assets	445,835	445,526	
Insurance recovery	-	266,745	
Transfers from other funds	-	-	
Transfers (to) other funds	(1,060,650)	(1,260,650)	
Fund Balance Appropriated	4,920,597	-	
Total	<u>4,305,782</u>	<u>(548,379)</u>	<u>(4,854,161)</u>

Net change in fund balance	\$ <u>-</u>	995,085	\$ <u>995,085</u>
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Fund balances:

Beginning of year, July 1	20,020,053
End of year, June 30	\$ <u>21,015,138</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Town of Ocean Isle Beach, North Carolina
Special Revenue Fund - Tourist Accommodation Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Accommodation Tax	\$	\$ 2,908,672	\$
Investment Income		1,670	
Restricted Revenue		104,603	
Honorarium/Memorial Park		13,200	
Miscellaneous		64,835	
Total revenues	<u>2,891,049</u>	<u>3,092,980</u>	<u>201,931</u>
Expenditures:			
Current:			
Economic and Physical			
Development:			
Public Property & Other		3,437,591	
Total	<u>4,020,765</u>	<u>3,437,591</u>	<u>583,174</u>
Debt principal		100,000	
Debt interest		30,934	
Total debt payment	<u>130,934</u>	<u>130,934</u>	<u>-</u>
Total expenditures	<u>4,151,699</u>	<u>3,568,525</u>	<u>583,174</u>
Revenues over expenditures	(1,260,650)	(475,545)	785,105
Other financing sources (uses)			
Transfers in (out)	1,260,650	1,260,650	-
Fund Balance Appropriated		-	-
Total other financing sources (uses)	<u>1,260,650</u>	<u>1,260,650</u>	<u>-</u>
Revenues over expenditures and other sources	<u>\$ -</u>	785,105	<u>\$ 785,105</u>
Fund balances:			
Beginning of year, July 1		182,998	
End of year, June 30		<u>\$ 968,103</u>	

Town of Ocean Isle Beach, North Carolina
New Town Hall Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted:					
Interest earnings	\$ 49,958	\$ 75,843	\$ 2,378	\$ 78,221	\$
Local revenues	28,850	-	-	-	
Total Revenues	<u>78,808</u>	<u>75,843</u>	<u>2,378</u>	<u>78,221</u>	<u>(587)</u>
Expenditures:					
Current:					
Economic and physical development:	<u>5,778,808</u>	<u>3,458,618</u>	<u>2,319,603</u>	<u>5,778,221</u>	<u>587</u>
Revenues over expenditures	<u>(5,700,000)</u>	<u>(3,382,775)</u>	<u>(2,317,225)</u>	<u>(5,700,000)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in (out)	-	-	-	-	-
Installment purchase proceeds	<u>5,700,000</u>	<u>5,700,000</u>	<u>-</u>	<u>5,700,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>5,700,000</u>	<u>5,700,000</u>	<u>-</u>	<u>5,700,000</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>2,317,225</u>	\$ (2,317,225)	\$ <u>-</u>	\$ <u>-</u>
Fund Balance:			<u>2,317,225</u>		
Beginning of Year, July 1					
End of Year, June 30			\$ <u>-</u>		

Town of Ocean Isle Beach, North Carolina
Combining Balance Sheet
Non Major Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Airport Local	Airport Grant	2021 Totals
Assets			
Cash and Investments	\$ 360,892	\$ 29,070	\$ 389,962
Accounts Receivable	316	-	316
Total Assets	<u>\$ 361,208</u>	<u>\$ 29,070</u>	<u>\$ 390,278</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 6,141	\$ 6,141
Due to other funds	16	-	16
	<u>16</u>	<u>6,141</u>	<u>6,157</u>
Fund Balances:			
Restricted			
Stabilization by State Statute	316	-	316
Economic development	360,876	22,929	383,805
Total Fund Balance	<u>361,192</u>	<u>22,929</u>	<u>384,121</u>
Total Liabilities and Fund Equity	<u>\$ 361,208</u>	<u>\$ 29,070</u>	<u>\$ 390,278</u>

Town of Ocean Isle Beach, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non Major Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>Airport Local</u>	<u>Airport Grant</u>	<u>2021 Totals</u>
Revenues:			
Local Revenues	\$ 11,406	\$ -	\$ 11,406
Investment Income	179	-	179
Restricted Revenue	47,500	670,601	718,101
Miscellaneous	44	-	44
Total Revenues	<u>59,129</u>	<u>670,601</u>	<u>729,730</u>
Expenditures:			
Current:			
Economic Development	<u>21,742</u>	<u>639,157</u>	<u>660,899</u>
Revenues over expenditures	37,387	31,444	68,831
Other Financing Sources (Uses):			
Transfers In (Out)	-	-	-
Fund balances:			
Beginning of year, July 1	<u>323,805</u>	<u>(8,515)</u>	<u>315,290</u>
End of year, June 30	<u>\$ 361,192</u>	<u>\$ 22,929</u>	<u>\$ 384,121</u>
	-	-	-

Town of Ocean Isle Beach, North Carolina
Special Revenue Fund - Airport Local Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Income	\$	\$ 179	\$
Local revenues		58,906	
Miscellaneous		44	
Total	<u>59,121</u>	<u>59,129</u>	<u>8</u>
Expenditures:			
Current:			
Economic and physical development:			
Clear zone project		-	
Other improvements		21,742	
Total expenditures	<u>59,121</u>	<u>21,742</u>	<u>37,379</u>
Revenues over expenditures	-	37,387	37,387
Fund Balance Appropriated	-	-	-
Other Financing Sources (Uses):			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	37,387	<u>\$ 37,387</u>
Fund balances:			
Beginning of year, July 1		323,805	
End of year, June 30		<u>\$ 361,192</u>	

Town of Ocean Isle Beach, North Carolina
Special Revenue Fund - Airport Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Interest income	\$	\$ -	\$
Grants		670,601	
Total	<u>1,189,311</u>	<u>670,601</u>	<u>(518,710)</u>
Expenditures:			
Current:			
Economic and physical development:			
Approach clear zone project		639,157	
Total expenditures	<u>1,189,311</u>	<u>639,157</u>	<u>550,154</u>
Revenues over expenditures	-	31,444	31,444
Fund Balance Appropriated	-	-	-
Other Financing Sources (Uses):			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	31,444	<u>\$ 31,444</u>
Fund balances:			
Beginning of year, July 1		(8,515)	
End of year, June 30		<u>\$ 22,929</u>	

ENTERPRISE FUNDS

Town of Ocean Isle Beach, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water sales:			
Residential &			
Commercial	\$	\$ 1,510,652	\$
Miscellaneous		-	
Total	<u>1,529,170</u>	<u>1,510,652</u>	<u>(18,518)</u>
Water taps	<u>40,000</u>	<u>89,477</u>	<u>49,477</u>
Other operating revenues	<u>351,827</u>	<u>318,524</u>	<u>(33,303)</u>
Total Operating Revenues	<u>1,920,997</u>	<u>1,918,653</u>	<u>(2,344)</u>
Nonoperating revenues:			
Lease	88,227	92,083	3,856
Miscellaneous	-	-	-
Interest earnings	<u>35,000</u>	<u>10,539</u>	<u>(24,461)</u>
Total Revenues	<u>2,044,224</u>	<u>2,021,275</u>	<u>(22,949)</u>
Expenditures:			
Water Administration:			
Salaries and benefits		90,015	
Repairs and maintenance		8,350	
Telephone		680	
Office supplies		6,564	
Operating expenses		1,000	
Capital outlay		-	
Total water			
administration	<u>144,547</u>	<u>106,609</u>	<u>37,938</u>
Water Operations:			
Salaries and benefits		246,839	
Repairs and maintenance		34,036	
Water purchase		725,000	
Supplies		140,812	
Engineering contract		45,872	
Operating expenditures		25,643	
Capital outlay		-	
Total	<u>1,883,277</u>	<u>1,218,202</u>	<u>665,075</u>

Town of Ocean Isle Beach, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

Debt service:			
Interest and fees		-	
Principal retirement		-	
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:			
Land acquisition		-	
Vehicle/Equipment		14,665	
System improvements		-	
Total capital outlay	<u>19,900</u>	<u>14,665</u>	<u>5,235</u>
Total expenditures	<u>2,047,724</u>	<u>1,339,476</u>	<u>708,248</u>
Other financing sources (uses):			
Transfers in (out)	-	-	-
Proceeds from sale of assets	3,500	440	(3,060)
Fund balance appropriated		-	-
Total other financing sources (uses):	<u>3,500</u>	<u>440</u>	<u>(3,060)</u>
Revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	\$ <u>682,239</u>	\$ <u>682,239</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Expenditures over revenues	\$ <u>682,239</u>
Reconciling items:	
Capital outlay	14,665
Depreciation	(97,131)
Change in compensated absences	(4,208)
(Increase) decrease in net pension liability	(44,418)
Increase (decrease) in deferred outflows of resources for pensions	20,586
(Increase) decrease in deferred inflows of resources for pensions	(755)
Total reconciling items	<u>(111,261)</u>
Change in net position	\$ <u>570,978</u>

Town of Ocean Isle Beach, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Sewer charges:			
Residential &			
Commercial	\$	\$ 1,576,351	\$
Miscellaneous		116,991	
Total	<u>1,691,392</u>	<u>1,693,342</u>	<u>1,950</u>
Sewer Taps	<u>13,500</u>	<u>13,500</u>	<u>-</u>
Impact fees and other	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>1,704,892</u>	<u>1,706,842</u>	<u>1,950</u>
Nonoperating revenues:			
Other	-	-	-
Interest earnings	<u>10,000</u>	<u>4,296</u>	<u>(5,704)</u>
Total Revenues	<u>1,714,892</u>	<u>1,711,138</u>	<u>(3,754)</u>
Expenditures:			
Sewer Administration:			
Salaries and benefits		-	
Operating expenses		15,361	
Capital outlay		<u>-</u>	
Total sewer			
administration	<u>21,700</u>	<u>15,361</u>	<u>6,339</u>
Sewer Operations:			
Salaries and benefits		122,065	
Repairs and maintenance		112,370	
Supplies		40,234	
Utilities		64,469	
Contracted services		61,412	
Brunswick County capital & flow charge		861,467	
Operating expenditures		37,175	
Capital outlay		<u>-</u>	
Total	<u>1,401,597</u>	<u>1,299,192</u>	<u>102,405</u>

Town of Ocean Isle Beach, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

Debt service:			
Interest and fees		-	
Principal retirement		-	
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay:			
Improvements			
Vehicles/Equipment			
Total capital outlay	<u>452,400</u>	<u>-</u>	<u>452,400</u>
Total expenditures	<u>1,875,697</u>	<u>1,314,553</u>	<u>561,144</u>
Other financing sources (uses):			
Proceeds from sale of assets	2,500		(2,500)
Fund balance appropriated	<u>158,305</u>	<u>-</u>	<u>(158,305)</u>
Total other financing sources (uses)	<u>160,805</u>	<u>-</u>	<u>(158,305)</u>
Revenues and other sources over (under) expenditures and other uses	\$ <u>-</u>	\$ <u>396,585</u>	\$ <u>399,085</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Expenditures over revenues	\$ <u>396,585</u>
Reconciling items:	
Capital outlay	-
Depreciation	(100,679)
(Increase) decrease in net pension liability	(12,691)
Change in compensated absences	635
Increase (decrease) in deferred outflows of resources for pensions	5,882
(Increase) decrease in deferred inflows of resources for pensions	<u>(216)</u>
Total reconciling items	<u>(107,069)</u>
Change in net position	\$ <u>289,516</u>

OTHER SCHEDULES

This section includes additional information on property taxes, transfers, and cash and investments.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Ocean Isle Beach, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 3,339,288	\$ (3,339,288)	\$ -
2019-2020	114,020	-	(114,020)	-
2018-2019	26,727	-	(26,727)	-
2017-2018	397	-	(397)	-
2016-2017	441	-	(441)	-
2015-2016	529	-	(529)	-
	<u>\$ 142,114</u>	<u>\$ 3,339,288</u>	<u>\$ (3,481,402)</u>	<u>\$ -</u>

Ad valorem taxes receivable - net \$ -

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 3,445,905
Reconciling items:	
Discounts, Releases, Refunds	58,244
Interest collected	<u>(22,747)</u>
Total collections and credits	<u>\$ 3,481,402</u>

Town of Ocean Isle Beach, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,037,393,533	\$ 0.1639	\$ 3,339,288	\$ 3,290,266	\$ 49,022
Penalties				-	-
Total	<u>2,037,393,533</u>		<u>3,339,288</u>	<u>3,290,266</u>	<u>49,022</u>
 Total property valuation	 \$ <u><u>2,037,393,533</u></u>				
 Net levy			3,339,288	3,290,266	49,022
 Uncollected taxes at June 30, 2021			<u>-</u>	<u>-</u>	<u>-</u>
 Current year's taxes collected			<u>\$ 3,339,288</u>	<u>\$ 3,290,266</u>	<u>\$ 49,022</u>
 Current levy collection percentage			<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

**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
Ocean Isle Beach, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 Town of Ocean Isle Beach, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Ocean Isle Beach's basic financial statements, and have issued our report thereon dated November 10, 2021. The financial statements of Town of Ocean Isle Beach ABC Board was 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 the Town of Ocean Isle Beach's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ocean Isle Beach's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Ocean Isle Beach'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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 10, 2021



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

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 the Town Council
Ocean Isle Beach, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Ocean Isle Beach, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ocean Isle Beach's major state programs for the year ended June 30, 2021. The Town of Ocean Isle Beach's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Ocean Isle Beach'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 applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Ocean Isle Beach'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 Ocean Isle Beach's compliance.

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Town of Ocean Isle Beach is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Ocean Isle Beach'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 the 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 the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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.

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

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 10, 2021

**Town of Ocean Isle Beach, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant Deficiency(s) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

State Awards

Internal control over major State programs:

Material weaknesses identified? ☐ Yes ☒ No

Significant Deficiency(s) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? ☐ Yes ☒ No

Identification of major State programs:

Program Name

Shallow Dredging Fund

Town of Ocean Isle Beach, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

Town of Ocean Isle Beach, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2021

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

Town of Ocean Isle Beach, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

None Reported.

TOWN OF OCEAN ISLE BEACH, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>AL#</u> <u>CFDA No.</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's No.</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Pass-through</u> <u>to</u> <u>subrecipients</u>
Federal Grants:					
Cash Programs:					
<u>U.S. Dept. of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program	20.106	36237.60.12.1	120,759	-	-
Airport Improvement Program	20.106	36237.60.13.2	20,000	-	-
Airport Improvement Program	20.106	36237.60.14.1	344,988	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		148,849	49,616	-
Total assistance - federal programs			<u>634,597</u>	<u>49,616</u>	<u>-</u>
State Grants:					
Cash Assistance:					
<u>N.C. Department of Environmental Quality</u>					
CAMA			-	5,395	-
Mosquito Control Grant			-	2,113	-
Division of Water Resources					
Shallow Dredging Fund			-	1,156,510	-
<u>N.C. Department of Natural and Cultural Resources:</u>					
Park and Recreation Trust Fund			-	104,603	-
<u>N.C. Department of Transportation:</u>					
Powell Bill		32570	-	31,398	-
Airport Improvement Program		46336.1.1	-	398	-
Airport Improvement Program		46336.2.1	-	40,600	-
Airport Improvement Program		36244.6.6.1	-	112,103	-
Airport Improvement Program		36237.60.12.1	-	13,419	-
Airport Improvement Program		36237.60.14.1	-	38,334	-
Total assistance - State programs			<u>-</u>	<u>1,504,872</u>	<u>-</u>
Total assistance			<u>\$ 634,597</u>	<u>\$ 1,554,488</u>	<u>\$ -</u>

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

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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