

# Town of Oak Island, North Carolina



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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**TOWN OF OAK ISLAND, NORTH CAROLINA**

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## ***Introductory Section***

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**Town of Oak Island, North Carolina  
List of Principal Officials  
June 30, 2015**

**Mayor and Town Council**

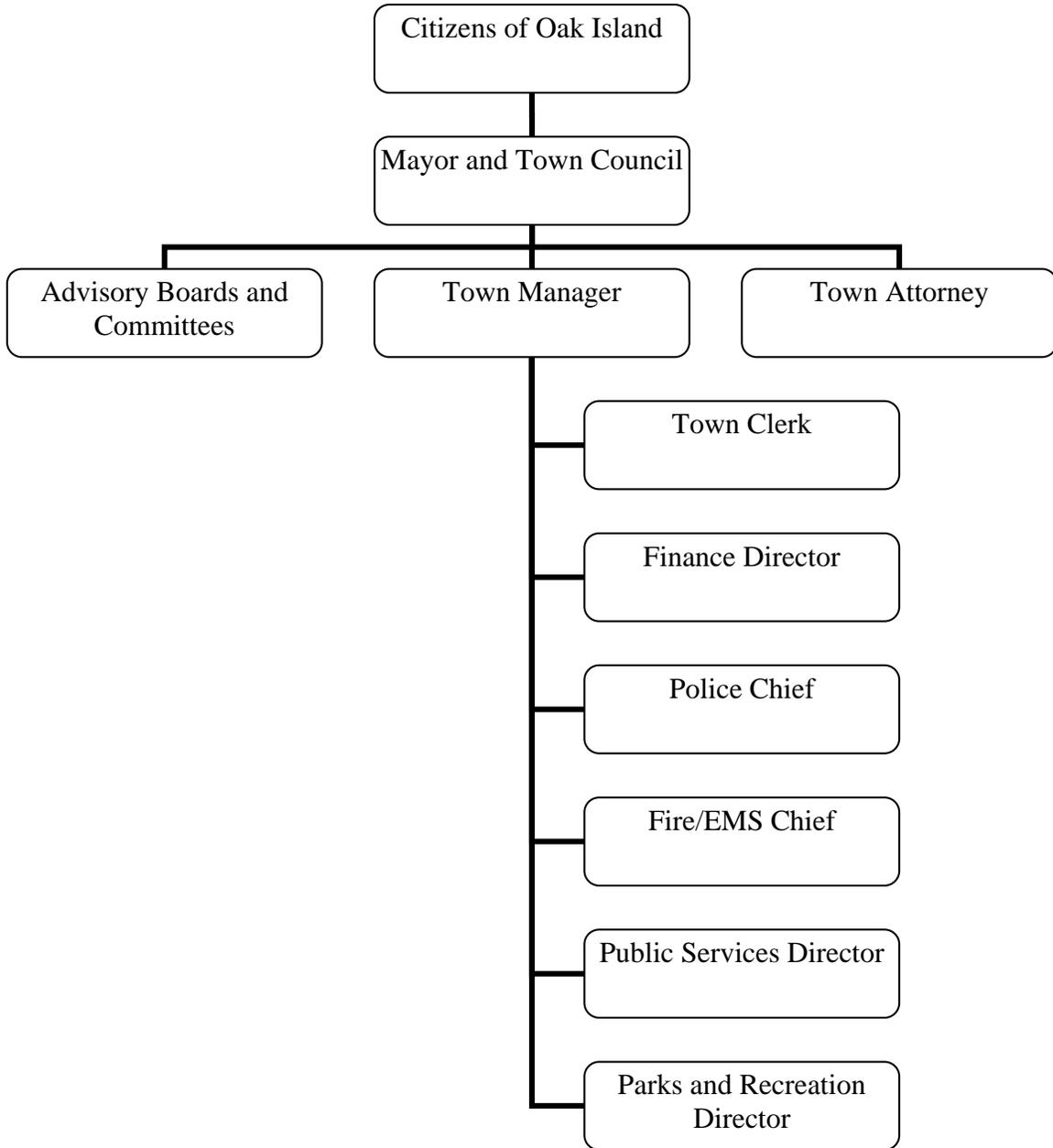
Betty W. Wallace, Mayor  
James B. Medlin, Mayor Pro Tem  
Loman Scott  
Carol Painter  
Danny Kiser  
Jeff Winecoff

**Town Officials**

Tim Holloman	Town Manager
Lisa Stites	Town Clerk
Van Eddinger	Chief of Police
Chris Anselmo	Fire Chief
Magda Holloway	Public Works Director
David Hatten	Finance Director
David Kelly	Public Utilities Manager
Rebecca Squires	Parks & Recreation Director
Linda Harris	Tax Collector

# Town of Oak Island, North Carolina

## Organizational Chart June 30, 2015



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina, as of and for the year ended June 30, 2015, 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 of material misstatement. The financial statements of the Town of Oak Island Board of Alcoholic Control were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

## **Opinions**

In our opinion, based on our audit of the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Oak Island, North Carolina as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the Beach Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 through 24, and the Other Post Employment Benefit and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 86 through 89, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 90 through 91, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Oak Island, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules and statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office and Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of Town of Oak Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Oak Island's internal control over financial reporting and compliance.

*S. Preston Douglas & Associates, LLP*

Whiteville, North Carolina  
December 1, 2015



# The Town of Oak Island NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Oak Island, we offer readers of the Town of Oak Island's financial statements this narrative overview and analysis of the financial activities of the Town of Oak Island for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

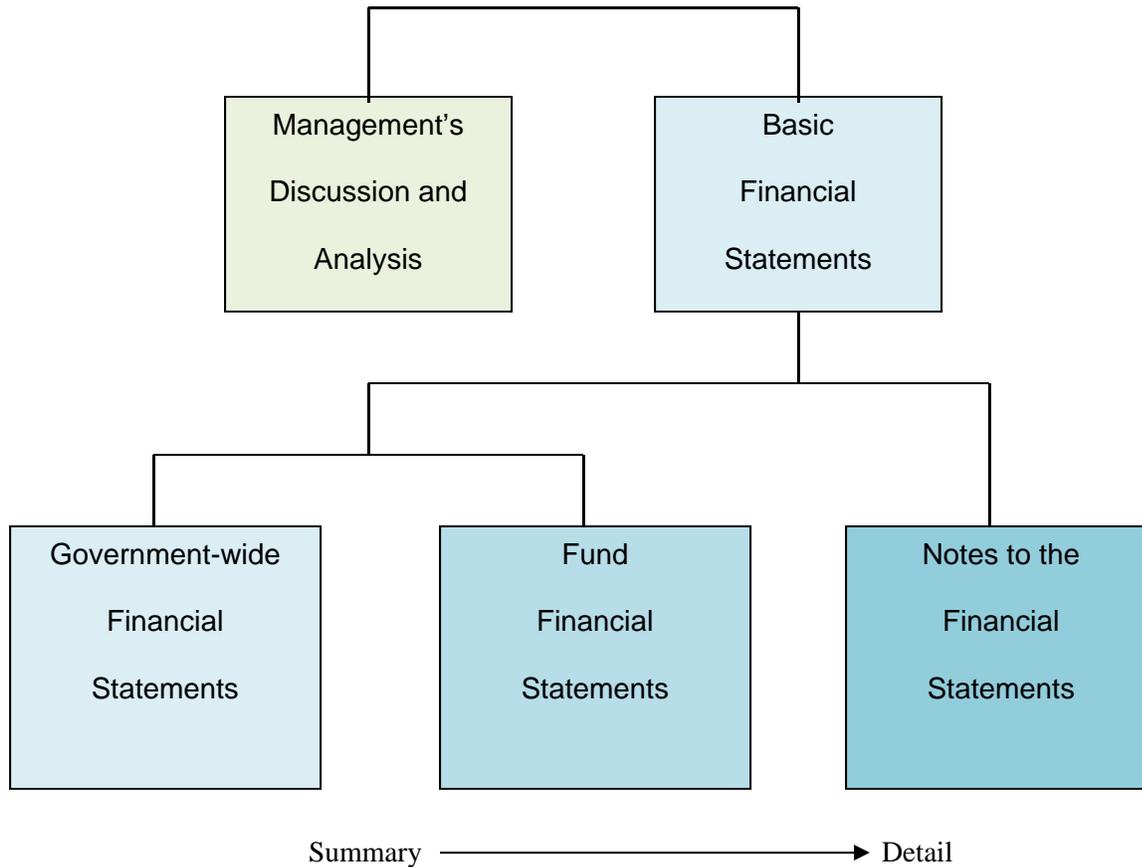
- The assets and deferred outflows of resources of the Town of Oak Island exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$78,862,692 (*net position*).
- The government's total net position increased by \$2,974,473 during the period, primarily due to increases in the governmental activities net position. There was a restatement of the beginning net position of (\$926,451) due to the changes in the accounting for the Net Pension Liability which was required by the Local Government Commission.
- As of the close of the current fiscal year, the Town of Oak Island's governmental funds reported combined ending fund balances of \$14,713,774 with a net change of \$971,815 in fund balance. Approximately 41.04 percent of this total amount, or \$6,509,485, is non spendable or restricted. An additional \$435,714 is considered committed by the Town.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,768,575 or 69.37 percent of total general fund expenditures for the fiscal year.
- The Town of Oak Island's total debt decreased by \$4,533,591 (3.98%) during the current fiscal year.

### Overview of the Financial Statements

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

# REQUIRED COMPONENTS OF ANNUAL FINANCIAL REPORT

FIGURE 1



## Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. 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 details about the Town's individual funds. Budgetary information required by the General Statutes also can 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 and state shared revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and wastewater and solid waste services offered by the Town of Oak Island as well as the South Harbour golf course activities. The final category is the component unit. Although legally separate from the Town, the ABC Board is integral to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are 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 is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Oak Island, 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 Town of Oak Island can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for 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 Oak Island adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that includes 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 fund them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town

succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Town of Oak Island has one fiduciary fund, an agency fund, which is used for funds collected by the Town for fines and forfeitures that are due to the Board of Education in accordance with the laws set forth in the Constitution of the State of North Carolina.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the financial statements in this report.

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

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

## Government-Wide Financial Analysis

### TOWN OF OAK ISLAND NET POSITION FIGURE 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 17,535,313	\$ 15,774,531	\$ 34,273,226	\$ 34,842,927	\$ 51,808,539	\$ 50,617,458
Capital assets	29,006,145	30,084,764	110,876,852	113,426,349	139,882,997	143,511,113
Deferred Outflows of resources	299,777	-	80,826		380,603	
<b>Total assets and deferred outflows of resources</b>	<b>46,841,235</b>	<b>45,859,295</b>	<b>145,230,904</b>	<b>148,269,276</b>	<b>192,072,139</b>	<b>194,128,571</b>
Long-term liabilities outstanding	9,315,759	10,687,995	91,941,300	95,081,183	101,257,059	105,769,178
Other liabilities	3,153,445	2,558,704	7,263,500	8,128,932	10,416,945	10,687,636
Deferred inflows of resources	1,199,748	839,148	335,795	18,039	1,535,543	884,975
<b>Total liabilities and deferred inflows of resources</b>	<b>13,668,952</b>	<b>14,085,847</b>	<b>99,540,595</b>	<b>103,228,154</b>	<b>113,209,547</b>	<b>117,314,001</b>
Net position:						
Net Investment in capital assets	19,348,092	18,743,833	21,789,047	21,324,460	41,137,139	40,068,293
Restricted	6,945,199	6,816,053	18,617,616	20,922,210	25,562,815	27,738,263
Unrestricted	6,578,992	6,213,562	5,283,646	2,794,452	12,162,638	9,008,014
<b>Total net position</b>	<b>\$ 33,172,283</b>	<b>\$ 31,773,448</b>	<b>\$ 45,690,309</b>	<b>\$ 45,041,122</b>	<b>\$ 78,862,592</b>	<b>\$ 76,814,970</b>

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 Oak Island exceeded liabilities and deferred inflows by \$78,862,592 as of June 30, 2015. The Town's net position increased by \$2,974,473; however, there was a restatement of the beginning net position of (\$926,451) due to the changes in the accounting for the Net Pension Liability which was required by the Local Government Commission leading to an ending net position of \$78,862,592 for the fiscal year ended June 30, 2015. The largest portion of this, \$41,137,139 (52.16 percent) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Oak Island uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Oak Island'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 Oak Island's net position, \$25,562,815, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,162,638 is unrestricted.

**TOWN OF OAK ISLAND CHANGES IN NET POSITION**  
**FIGURE 3**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 4,873,805	\$ 1,896,494	\$ 13,710,361	\$ 11,886,143	\$ 18,584,166	\$ 13,782,637
Operating grants and contributions	\$ 309,095	\$ 354,166	\$ 4,574	\$ 4,246	\$ 313,669	\$ 358,412
Capital grants and contributions	\$ 8,020	\$ 1,822	\$ 3,255,066	\$ 3,493,407	\$ 3,263,086	\$ 3,495,229
General revenues:						
Property taxes	\$ 7,484,119	\$ 6,812,760	\$ -	\$ -	\$ 7,484,119	\$ 6,812,760
Local option sales tax	\$ 1,687,594	\$ 1,531,327	\$ -	\$ -	\$ 1,687,594	\$ 1,531,327
Accommodation tax	\$ 1,284,187	\$ 1,166,651	\$ -	\$ -	\$ 1,284,187	\$ 1,166,651
Grants and contributions not restricted to specific programs	\$ -	\$ 660,137	\$ -	\$ -	\$ -	\$ 660,137
Other	\$ 273,476	\$ 863,544	\$ 10,081	\$ 11,108	\$ 283,557	\$ 874,652
<b>Total revenues</b>	<b>\$ 15,920,296</b>	<b>\$ 13,286,901</b>	<b>\$ 16,980,082</b>	<b>\$ 15,394,904</b>	<b>\$ 32,900,378</b>	<b>\$ 28,681,805</b>
Expenses:						
General government	\$ 2,510,088	\$ 2,797,601	\$ -	\$ -	\$ 2,510,088	\$ 2,797,601
Public safety	\$ 4,486,670	\$ 4,348,192	\$ -	\$ -	\$ 4,486,670	\$ 4,348,192
Transportation	\$ 1,847,906	\$ 1,675,984	\$ -	\$ -	\$ 1,847,906	\$ 1,675,984
Environmental protection	\$ 143,027	\$ 156,499	\$ -	\$ -	\$ 143,027	\$ 156,499
Cultural and recreation	\$ 4,390,206	\$ 1,006,435	\$ -	\$ -	\$ 4,390,206	\$ 1,006,435
Interest on long-term debt	\$ 515,501	\$ 471,343	\$ -	\$ -	\$ 515,501	\$ 471,343
Water	\$ -	\$ -	\$ 1,922,893	\$ 1,852,484	\$ 1,922,893	\$ 1,852,484
Wastewater	\$ -	\$ -	\$ 12,853,774	\$ 12,756,238	\$ 12,853,774	\$ 12,756,238
Non-major funds	\$ -	\$ -	\$ 1,250,484	\$ 1,101,543	\$ 1,250,484	\$ 1,101,543
<b>Total expenses</b>	<b>\$ 13,893,398</b>	<b>\$ 10,456,054</b>	<b>\$ 16,027,151</b>	<b>\$ 15,578,794</b>	<b>\$ 29,920,549</b>	<b>\$ 26,166,319</b>
<b>Increase in net position   before transfers</b>	<b>\$ 2,026,898</b>	<b>\$ 2,830,847</b>	<b>\$ 952,931</b>	<b>\$ (315,361)</b>	<b>\$ 2,979,829</b>	<b>\$ 2,515,486</b>
Transfers	\$ 107,000	\$ (70,000)	\$ (107,000)	\$ 70,000	\$ -	\$ -
Special Item-Disposal of Government Operations	\$ (5,356)	\$ (292,059)	\$ -	\$ -	\$ (5,356)	\$ (292,059)
<b>Increase in net position</b>	<b>\$ 2,128,542</b>	<b>\$ 2,468,788</b>	<b>\$ 845,931</b>	<b>\$ (245,361)</b>	<b>\$ 2,974,473</b>	<b>\$ 2,223,427</b>
Net position, July 1 prev. reported	\$ 31,773,448	\$ 29,304,660	\$ 45,041,122	\$ 45,286,483	\$ 76,814,570	\$ 74,591,143
Restatement	\$ (729,707)	\$ -	\$ (196,744)	\$ -	\$ (926,451)	\$ -
Net position – beginning	\$ 31,043,741	\$ 29,304,660	\$ 44,844,378	\$ 45,286,483	\$ 75,888,119	\$ 74,591,143
Net position – ending	<b>\$ 33,172,283</b>	<b>\$ 31,773,448</b>	<b>\$ 45,690,309</b>	<b>\$ 45,041,122</b>	<b>\$ 78,862,592</b>	<b>\$ 76,814,570</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$2,128,542, thereby accounting for 71.59% of the total growth in the net position of the Town of Oak Island. Key elements of this increase are as follows:

- Accommodations tax revenues increased by 9.15 percent over the FY 2014 revenues. The expenditures from these resources were reduced in this fiscal year so that additional reserves can be built to meet the future needs of maintaining and nourishing the Town's beaches.
- After a multi-year pattern of declining revenues, the local option sales tax revenues increased by 3.6 percent in 2014 and 9.25 percent in 2015.
- The Town has continued to look at methods to hold expenditures down across all functions of the Town.

**Business-type activities.** After multiple years of a decreasing net position, business-type activities increased the Town of Oak Island's net position by \$845,931.

### **Financial Analysis of the Town's Funds**

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

**Governmental Funds.** The focus of the Town of Oak Island'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 Oak Island's financing requirements.

At June 30, 2015, the governmental funds of Town of Oak Island reported a combined fund balance of \$14,713,774 with a net increase in fund balance of \$971,815. Included in this change in fund balance are increases in the fund balance of the General Fund and the Town's Other Governmental Funds. The General Fund is the chief operating fund of the Town of Oak Island. At the end of the 2015 fiscal year, the fund balance for the Town of Oak Island's General Fund reached \$9,480,656. Of this, \$698,564 was restricted, \$577,803 represented non-spendable inventories and prepaid expenditures and \$435,714 was committed by the Town for capital projects, leaving an unassigned fund balance of \$7,768,575 available for spending at the Town's discretion. The Governing Body of Town of Oak Island has determined that the Town should maintain an available fund balance of no less than 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 69.37% of general fund expenditures, while total fund balance represents 131.39% of the same amount.

**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 utilized 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.

Differences between the budgeted and actual expenditures primarily occurred because of the increased conservatism in budgeting the Town's revenues and the reduction of planned expenditures where possible. The Town received more revenues than were budgeted, but generally held expenditures to levels lower than the appropriated amounts. The Town also moved toward recording less interfund transfers where possible.

**Proprietary Funds.** The Town of Oak Island’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Town’s proprietary funds at the end of the fiscal year amounted to \$5,283,646. The change in net position for the Water, Wastewater and Other Enterprise Funds was \$2,310,338, (\$1,526,106) and \$61,699, respectively. The change in net position in the Water Fund is a result of excess charges for service producing revenues that exceed the expenditures in the fund. The Wastewater Fund’s decrease in net position is due to interest payments and depreciation that exceed the revenues in that Fund. This is anticipated to occur in the early years of the system’s operations and is offset by Sewer Assessment revenues and Sewer District Fees, which are both considered non-operating sources. Since the Water and Wastewater operations together form the Town’s Enterprise System, the excess Water Fund revenues help to offset those in the Wastewater Fund for bond covenant coverage test purposes.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Oak Island’s investment in capital assets for its governmental and business–type activities as of June 30, 2015, totals \$139,882,997 (net of accumulated depreciation). These assets include: utility systems, buildings and other structures, land, machinery and equipment, infrastructure, and vehicles (both motor vehicles and heavy motor vehicles).

Major capital asset transactions during the year include the following:

- Investment in the Wastewater Equipment and Utility Systems

**TOWN OF OAK ISLAND CAPITAL ASSETS**  
**FIGURE 4**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$9,529,923	\$9,529,923	\$4,684,602	\$4,684,602	\$14,214,525	\$14,214,525
Buildings	13,770,182	14,200,793	11,911,173	12,247,409	25,681,355	26,448,202
Improvements other than buildings	1,445,302	1,696,217	-	-	1,445,302	1,696,217
Motor vehicles	185,334	126,555	-	4,161	185,334	130,716
Heavy motor vehicles	386,099	649,503	247,140	130,406	633,239	779,909
Equipment	424,760	413,552	3,992,802	4,736,764	4,417,562	5,150,316
Office equipment	62,688	78,595	-	-	62,688	78,595
Computers and electrical equipment	31,525	94,196	109	7,625	31,634	101,821
Infrastructure	2,920,331	3,045,430	79,411,361	80,587,203	82,331,693	83,632,633
Construction in progress	250,000	250,000	-	-	250,000	250,000
Intangible assets	-	-	10,629,665	11,028,179	10,629,665	11,028,179
<b>Total</b>	<b>\$29,006,145</b>	<b>\$30,084,764</b>	<b>\$110,876,852</b>	<b>\$113,426,349</b>	<b>\$139,882,997</b>	<b>\$143,511,113</b>

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

**Long-term Debt.** As of June 30, 2015, the Town of Oak Island had total bonded debt outstanding of \$83,856,303. All 100% of that amount represents bonds secured solely by specified revenue sources (e.g. revenue bonds). The Town of Oak Island has no outstanding bonded debt backed by the full faith and credit of the Town.

## TOWN OF OAK ISLAND OUTSTANDING DEBT OBLIGATIONS

FIGURE 5

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment purchases	\$ 9,658,053	\$ 10,877,969	\$ 213,476	\$ 312,838	\$ 9,871,529	\$ 11,190,807
Capital leases	\$ -	\$ 462,990	\$ -	\$ -	\$ -	\$ 462,990
Revolving loan funds	\$ -	\$ -	\$ 10,774,948	\$ 11,398,628	\$ 10,774,948	\$ 11,398,628
Revenue notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds	\$ -	\$ -	\$ 83,856,303	\$ 86,226,777	\$ 83,856,303	\$ 86,226,777
<b>Total</b>	<b>\$ 9,658,053</b>	<b>\$ 11,340,931</b>	<b>\$ 94,844,727</b>	<b>\$ 97,938,243</b>	<b>\$ 104,502,780</b>	<b>\$ 109,279,202</b>

### Town of Oak Island's Outstanding Debt

The Town of Oak Island's total long-term debt outstanding decreased by \$4,776,422 (4.57%) during the past fiscal year, primarily due to the Town's efforts to pay its existing debt and refrain from the issuance of any new debt. The Town's debt associated with governmental activities decreased \$1,682,878 or (17.42%) while the debt of the Town's business-type activities decreased by \$3,093,516 (3.26%).

### Economic Factors and Next Year's Budgets and Rates

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

- The Town is starting to experience an increasing number of new building permits issued, which will result in a growth in the Town's tax base, as well as, water and wastewater revenue.
- The Accommodations Tax receipts have continued a multi-year increasing pattern for the Town, indicating that the Tourism market in the local area is growing. This pattern is expected to continue in FY 2015.
- Sales Tax Revenues, which began to rebound for the Town in the 2013 fiscal year, are expected to show modest growth in FY 2015.

## **Budget Highlights for the Fiscal Year Ending June 30, 2015**

**Governmental Activities:** The Town of Oak Island is beginning to see some new economic growth as the tourism and building construction markets increase slightly. Town management is optimistic about these improvements and will continue preparing budgets to maintain spending where possible while maintaining its current property tax rate. Increases in some Town service fees will assist the increase in the property tax base and slight increases in sales tax revenues. These increases, when netted with an anticipated reduction in grant revenues are expected to produce an overall increase of less than 1% in governmental revenues. The Town plans the funds produced by the additional revenues and reduced expenditures to finance programs currently in place and to make advance payments toward reducing the Town's long-term debts, with the remainder to be kept on hand to build the Town's available fund balance.

**Business-type Activities:** In an effort to reach target revenue levels, the water and sewer rates and Sewer District Fees for utility system users (and potential users) will again increase by 11.75%. Based upon consultant recommendations, in FY 2014, the Town implemented year two of a three-year rate increase plan in order to reach the system revenue goals for adequate coverage of operations, debt service payments and resources on hand necessary for bond debt covenants.

The Town continues to look at ways to reduce the operating expenditures while maximizing the system revenues so that the Town's Enterprise System will reach adequate revenue levels to sustain healthy operation of the system when the Town's Sewer Assessments revenues are no longer on hand.

### **Future Expenditures and Budget Priorities**

The Town anticipates implementation of a long term Beach and Inlet plan in FY 16-17. This may be funded through multiple sources including ad valorem taxes.

### **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:

Tim Holloman, Town Manager  
Town of Oak Island  
4601 E. Oak Island Drive  
Oak Island, NC 28465

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

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

## ***Basic Financial Statements***

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**TOWN OF OAK ISLAND, NORTH CAROLINA**

Statement of Net Position

June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Equivalent	\$ 8,688,346	\$ 11,708,084	\$ 20,396,430	\$ 426,134
Taxes Receivables, Net	465,540	-	465,540	-
Assessments Receivable	25,895	-	25,895	-
Accrued Interest Receivable on Taxes	77,839	-	77,839	-
Accounts Receivable, Net	1,089,351	2,029,825	3,119,176	44
Due from Other Funds	4,650,000	-	4,650,000	-
Due From Component Unit	87,287	-	87,287	-
Due From Other Government	17,519	-	17,519	-
Inventories	9,744	218,401	228,145	166,755
Prepaid Items	568,059	-	568,059	14,340
<b>Total Current Assets</b>	<b>15,679,580</b>	<b>13,956,310</b>	<b>29,635,890</b>	<b>607,273</b>
<b>Non-current Assets</b>				
Restricted Cash and Cash Equivalents	1,399,448	9,841,754	11,241,202	179,298
Net Pension Asset	456,285	123,022	579,307	9,082
Restricted Receivables	-	7,804,426	7,804,426	-
Accrued Interest on Restricted Assets	-	1,439,805	1,439,805	-
Prepaid Bond Insurance	-	1,107,909	1,107,909	-
Capital Assets				
Land, Non-depreciable Improvements, and Construction in Progress	9,779,923	4,969,999	14,749,922	101,178
Other Capital Assets, Net of Depreciation	19,226,222	105,906,853	125,133,075	243,622
Total Capital Assets	29,006,145	110,876,852	139,882,997	344,800
<b>Total Non-current Assets</b>	<b>30,861,878</b>	<b>131,193,768</b>	<b>162,055,646</b>	<b>533,180</b>
<b>Total Assets</b>	<b>46,541,458</b>	<b>145,150,078</b>	<b>191,691,536</b>	<b>1,140,453</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to Pension Plan in the Current Fiscal Year	299,777	80,826	380,603	15,317
Pension Deferrals	-	-	-	4,708
<b>Total Deferred Outflows of Resources</b>	<b>\$ 299,777</b>	<b>\$ 80,826</b>	<b>\$ 380,603</b>	<b>\$ 20,025</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Net Position (Conitnued)  
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Oak Island ABC Board
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 204,803	\$ 293,746	\$ 498,549	\$ 289,597
Accrued Interest Payable	143,244	414,896	558,140	-
Customer Deposits	85,482	120,307	205,789	-
Due to Other Funds	1,500,000	3,150,000	4,650,000	-
Due to Primary Government Payable from Restricted Assets	-	-	-	87,287
Current Portion of Long-Term Liabilities	1,219,916	3,192,544	4,412,460	-
<b>Total Current Liabilities</b>	<b>3,153,445</b>	<b>7,263,500</b>	<b>10,416,945</b>	<b>376,884</b>
<b>Long-Term Liabilities</b>				
Due In More Than One Year	9,315,759	91,941,300	101,257,059	74,237
<b>Total Liabilities</b>	<b>12,469,204</b>	<b>99,204,800</b>	<b>111,674,004</b>	<b>451,121</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	5,695	13,855	19,550	-
Pension Deferrals	1,194,053	321,940	1,515,993	22,135
<b>Total Deferred Inflows of Resources</b>	<b>1,199,748</b>	<b>335,795</b>	<b>1,535,543</b>	<b>22,135</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	19,348,092	21,789,047	41,137,139	344,800
Restricted For:				
Stabilization by State Statute	526,474	-	526,474	-
Streets	172,090	-	172,090	-
Public Safety	-	-	-	-
Cultural and Recreation	5,233,118	-	5,233,118	-
Other Functions	1,013,517	18,617,616	19,631,133	255,667
Unrestricted	6,878,992	5,283,646	12,162,638	86,755
<b>Total Net Position</b>	<b>\$ 33,172,283</b>	<b>\$ 45,690,309</b>	<b>\$ 78,862,592</b>	<b>\$ 687,222</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 2,510,088	\$ 796,887	\$ -	\$ 6,520
Public Safety	4,486,670	1,560,975	-	1,500
Transportation	1,847,906	-	309,095	-
Environmental Protection	143,027	198,002	-	-
Cultural and Recreation	4,390,206	2,317,941	-	-
Interest on Long-Term Debt	515,501	-	-	-
<b>Total Governmental Activities</b>	<b>13,893,398</b>	<b>4,873,805</b>	<b>309,095</b>	<b>8,020</b>
<b>Business-Type Activities:</b>				
Water Operations	1,922,893	4,145,086	-	86,298
Wastewater Operations	12,853,774	8,500,771	-	3,168,768
Solid Waste Operations	1,055,665	949,762	4,574	-
Golf Course Operations	194,819	114,742	-	-
<b>Total Business-Type Activities</b>	<b>16,027,151</b>	<b>13,710,361</b>	<b>4,574</b>	<b>3,255,066</b>
<b>Total Primary Government</b>	<b>\$ 29,920,549</b>	<b>\$ 18,584,166</b>	<b>\$ 313,669</b>	<b>\$ 3,263,086</b>
<b>Component Units:</b>				
Oak Island ABC Board	\$ 2,575,544	\$ 2,596,559	\$ -	\$ -
<b>Total Component Units</b>	<b>\$ 2,575,544</b>	<b>\$ 2,596,559</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

Taxes:

Property Taxes, Levied for General Purpose

Local Option Sales Taxes

Accommodations Taxes

Unrestricted Investment Earnings

Miscellaneous

**Total General Revenues**

**Special Item- Disposal of Government Operations**

**Transfers**

**Total General Revenues, Special Items, and Transfers**

**Change in Net Position**

**Net Position - Beginning - previously reported**

**Restatement**

**Net Position - Beginning - Restated**

**Net Position -Ending**

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>				
<b>Governmental</b>	<b>Business-Type</b>			<b>Component</b>
<b>Activities</b>	<b>Activities</b>	<b>Total</b>		<b>Units</b>
\$ (1,706,681)	\$ -	\$ (1,706,681)	\$ -	-
(2,924,195)	-	(2,924,195)	-	-
(1,538,811)	-	(1,538,811)	-	-
54,975	-	54,975	-	-
(2,072,265)	-	(2,072,265)	-	-
(515,501)	-	(515,501)	-	-
(8,702,478)	-	(8,702,478)	-	-
-	2,308,491	2,308,491	-	-
-	(1,184,235)	(1,184,235)	-	-
-	(101,329)	(101,329)	-	-
-	(80,077)	(80,077)	-	-
-	942,850	942,850	-	-
(8,702,478)	942,850	(7,759,628)	-	-
-	-	-	21,015	-
-	-	-	21,015	-
7,484,119	-	7,484,119	-	-
1,687,594	-	1,687,594	-	-
1,284,187	-	1,284,187	-	-
2,742	5,379	8,121	327	-
270,734	4,702	275,436	-	-
10,729,376	10,081	10,739,457	327	-
(5,356)	-	(5,356)	-	-
107,000	(107,000)	-	-	-
10,831,020	(96,919)	10,734,101	327	-
2,128,542	845,931	2,974,473	21,342	-
31,773,448	45,041,122	76,814,570	672,475	-
(729,707)	(196,744)	(926,451)	(6,595)	-
31,043,741	44,844,378	75,888,119	665,880	-
\$ 33,172,283	\$ 45,690,309	\$ 78,862,592	\$ 687,222	-

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Balance Sheet  
 Governmental Funds  
 June 30, 2015

	<u>Major Funds</u>			
	<u>General</u>	<u>Beach Tax</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,952,256	\$ -	\$ 736,090	\$ 8,688,346
Restricted Cash	607,805	791,643	-	1,399,448
Receivables (net):				-
Taxes	465,540	-	-	465,540
Assessments	19,858	-	6,037	25,895
Accounts	480,991	461,685	146,675	1,089,351
Due from Component Unit	87,287	-	-	87,287
Due from Other Funds	-	2,929,959	1,720,041	4,650,000
Due from Other Governments	17,519	-	-	17,519
Inventories	9,744	-	-	9,744
Prepays	568,059	-	-	568,059
<b>Total Assets</b>	<u>\$ 10,209,059</u>	<u>\$ 4,183,287</u>	<u>\$ 2,608,843</u>	<u>\$ 17,001,189</u>
<b>LIABILITIES</b>				
Accounts Payable	151,828	562	52,413	204,803
Due to Other Funds	-	1,500,000	-	1,500,000
Customer Deposits	85,482	-	-	85,482
<b>Total Liabilities</b>	<u>237,310</u>	<u>1,500,562</u>	<u>52,413</u>	<u>1,790,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	485,398	-	6,037	491,435
Unearned Revenue	5,695	-	-	5,695
<b>Total Deferred Inflows of Resources</b>	<u>491,093</u>	<u>-</u>	<u>6,037</u>	<u>497,130</u>
<b>FUND BALANCES</b>				
Non Spendable				
Inventories	9,744	-	-	9,744
Prepays	568,059	-	-	568,059
Restricted:				
Stabilization by State Statute	526,474	-	-	526,474
Streets - Powell Bill	172,090	-	-	172,090
Public Safety	-	-	-	-
Tourism	-	-	-	-
Cultural and Recreation	-	2,682,725	2,550,393	5,233,118
Committed:				
Capital Projects	435,714	-	-	435,714
Administration	-	-	-	-
Public Safety	-	-	-	-
Unassigned:	7,768,575	-	-	7,768,575
<b>Total Fund Balances</b>	<u>9,480,656</u>	<u>2,682,725</u>	<u>2,550,393</u>	<u>14,713,774</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 10,209,059</u>	<u>\$ 4,183,287</u>	<u>\$ 2,608,843</u>	<u>\$ 17,001,189</u>

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Balance Sheet  
 Governmental Funds  
 June 30, 2015

	<b>Total Governmental Funds</b>
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Total Fund Balance, Governmental Funds	14,713,774
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	
Gross capital assets at historical cost	\$ 39,708,395
Accumulated depreciation	(10,702,250)
	29,006,145
Net pension asset	456,285
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	299,777
<p>Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are not reported in this fund financial statement, but are reported in the fund governmental activities of the Statement of Net Position.</p>	
Accrued interest receivable from taxes	77,839
Earned revenues considered deferred inflows of resources in fund statements	491,435
<p>Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>	
Installment notes payable	(9,658,053)
Compensated absences payable	(374,532)
Other postemployment benefits payable	(441,540)
Net Pension Obligation	(61,550)
Accrued interest payable	(143,244)
Pension Related Deferrals	(1,194,053)
<b>Net Position of Governmental Activities</b>	<b>\$ 33,172,283</b>

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	<u>Major Funds</u>		<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Beach Tax</u>		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 7,626,159	\$ -	\$ -	\$ 7,626,159
Other Taxes and Licenses	1,692,960	513,584	770,603	2,977,147
Unrestricted Intergovernmental	796,887	-	-	796,887
Restricted Intergovernmental	1,451,087	2,050,950	-	3,502,037
Sales and Services	464,172	-	-	464,172
Permits and Fees	405,913	-	-	405,913
Investment Earnings	2,126	161	455	2,742
Miscellaneous	158,484	-	21,911	180,395
<b>Total Revenues</b>	<u>12,597,788</u>	<u>2,564,695</u>	<u>792,969</u>	<u>15,955,452</u>
<b>Expenditures</b>				
Current:				
General Government	2,398,394	-	-	2,398,394
Public Safety	4,222,273	-	-	4,222,273
Transportation	1,730,833	-	-	1,730,833
Environmental Protection	134,960	-	-	134,960
Cultural and Recreational	514,632	3,340,711	308,952	4,164,295
Debt Service:				
Principal	1,682,906	-	-	1,682,906
Interest and Other Charges	514,707	-	-	514,707
<b>Total Expenditures</b>	<u>11,198,705</u>	<u>3,340,711</u>	<u>308,952</u>	<u>14,848,368</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,399,083</u>	<u>(776,016)</u>	<u>484,017</u>	<u>1,107,084</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	560,968	-	57,000	617,968
Transfers to Other Funds	(475,017)	-	(385,114)	(860,131)
Sales of Capital Assets	112,250	-	-	112,250
Disposal of Government Operations	-	-	(5,356)	(5,356)
<b>Total Other Financing Sources (Uses)</b>	<u>198,201</u>	<u>-</u>	<u>(333,470)</u>	<u>(135,269)</u>
<b>Net Change in Fund Balance</b>	1,597,284	(776,016)	150,547	971,815
<b>Fund Balance - Beginning</b>	<u>7,883,372</u>	<u>3,458,741</u>	<u>2,399,846</u>	<u>13,741,959</u>
<b>Fund Balance - Ending</b>	<u>\$ 9,480,656</u>	<u>\$ 2,682,725</u>	<u>\$ 2,550,393</u>	<u>\$ 14,713,774</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

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

Net changes in fund balances - total governmental funds		971,815
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Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the assets' estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 207,953	
Depreciation expense for governmental assets	(1,079,587)	(871,634)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		299,777
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Change in unavailable revenue for property tax revenues	133,938	
Change in unavailable revenue for privilege licenses	5,366	139,304

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt	1,682,906	
Increase in accrued interest payable	(794)	1,682,112

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	(2,574)	
Pension Expense	(8,061)	
Net pension obligation	(33,427)	
Other postemployment benefits	(48,770)	(92,832)

Change in net position of governmental activities		<u>\$ 2,128,542</u>
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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2015

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 6,837,221	\$ 6,837,221	\$ 7,626,159	\$ 788,938
Other Taxes and Licenses	1,543,500	1,543,500	1,692,960	149,460
Unrestricted Intergovernmental	545,000	545,000	796,887	251,887
Restricted Intergovernmental	1,379,000	1,387,254	1,451,087	63,833
Permits and Fees	277,050	277,050	405,913	128,863
Sales and Services	492,216	492,216	464,172	(28,044)
Investment Earnings	1,526	1,526	2,026	500
Miscellaneous	94,850	113,358	158,484	45,126
<b>Total Revenues</b>	<b>11,170,363</b>	<b>11,197,125</b>	<b>12,597,688</b>	<b>1,400,563</b>
<b>Expenditures</b>				
Current				
General Government	2,592,487	2,609,326	2,398,394	210,932
Public Safety	4,297,414	4,491,547	4,222,273	269,274
Transportation	1,208,122	1,769,642	1,730,833	38,809
Environmental Protection	224,941	224,941	134,960	89,981
Cultural and Recreation	539,444	550,514	514,632	35,882
Debt Service				
Principal	1,651,492	1,682,726	1,682,906	(180)
Interest and Other Charges	477,899	514,708	514,707	1
Contingency	-	-	-	-
<b>Total Expenditures</b>	<b>10,991,799</b>	<b>11,843,404</b>	<b>11,198,705</b>	<b>644,699</b>
<b>Revenues Over (Under) Expenditures</b>	<b>178,564</b>	<b>(646,279)</b>	<b>1,398,983</b>	<b>2,045,262</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	86,725	560,968	474,243
Transfers to Other Funds	(221,725)	(386,725)	(475,017)	(88,292)
Sales of Capital Assets	60,000	60,000	112,250	52,250
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (161,725)</b>	<b>\$ (240,000)</b>	<b>\$ 198,201</b>	<b>\$ 438,201</b>
<b>Fund Balance Appropriated</b>	<b>(16,839)</b>	<b>886,279</b>	<b>-</b>	<b>(886,279)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,597,184</b>	<b>1,597,184</b>
<b>Fund Balance - Beginning of Year</b>			<b>7,457,775</b>	
<b>Fund Balance - End of Year</b>			<b>9,054,959</b>	
A legally adopted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest Income			100	
<b>Fund Balance - Beginning of Year</b>			<b>425,597</b>	
<b>Fund Balance - End of Year</b>			<b>9,480,656</b>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Major Special Revenue Fund -Beach Tax Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Fiscal Year Ended June 30, 2015

	<b>Beach Tax Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Restricted Intergovernmental				
Lockwood Folly Grant	\$ -	\$ 1,700,000	\$ 2,050,950	\$ 350,950
Other Taxes and Licenses:				
Restricted Accomodations Tax Receipts	415,000	415,000	513,584	98,584
Investment Earnings	100	100	161	61
<b>Total Revenues</b>	<b>415,100</b>	<b>2,115,100</b>	<b>2,564,695</b>	<b>449,595</b>
<b>Expenditures</b>				
Current				
Culture and Recreation				
Professional Services	160,000	160,000	380	159,620
Repairs and Maintenance	37,000	37,000	2,865	34,135
Lockwood Folly Dredging Project	-	3,500,000	3,337,466	162,534
<b>Total Expenditures</b>	<b>197,000</b>	<b>3,697,000</b>	<b>3,340,711</b>	<b>356,289</b>
<b>Revenues Over (Under) Expenditures</b>	<b>218,100</b>	<b>(1,581,900)</b>	<b>(776,016)</b>	<b>805,884</b>
<b>Fund Balance Appropriated</b>	<b>(218,100)</b>	<b>1,581,900</b>	<b>-</b>	<b>(1,581,900)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (776,016)</b>	<b>\$ (776,016)</b>
<b>Fund Balance - Beginning of Year</b>			<b>3,458,741</b>	
<b>Fund Balance - End of Year</b>			<b>2,682,725</b>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Fund Net Position  
Proprietary Funds  
June 30, 2015

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total</u>
	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Other Enterprise Funds</u>	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 7,781,650	\$ 3,490,581	\$ 435,853	\$ 11,708,084
Accounts Receivables (net):	526,332	1,441,992	60,451	2,028,775
Other Receivables	-	-	1,050	1,050
Inventories	158,229	52,665	7,507	218,401
<b>Total Current Assets</b>	<b>8,466,211</b>	<b>4,985,238</b>	<b>504,861</b>	<b>13,956,310</b>
Non-Current Assets				
Restricted Assets				
Net Pension Asset	48,053	49,360	25,609	123,022
Cash and Cash Equivalents	502,865	9,338,889	-	9,841,754
Assessments Receivables (net):	-	7,599,956	-	7,599,956
Sewer District Fees Receivable (net)	-	204,470	-	204,470
Accrued Interest Receivable	-	1,439,805	-	1,439,805
<b>Total Restricted Assets</b>	<b>550,918</b>	<b>18,632,480</b>	<b>25,609</b>	<b>19,209,007</b>
Other Assets				
Prepaid Insurance on Bonds	-	1,107,909	-	1,107,909
Capital Assets				
Land and Construction in Progress	135,068	3,433,136	1,401,795	4,969,999
Other Capital Assets, Net of Depreciation	3,212,492	102,354,361	340,000	105,906,853
<b>Capital Assets</b>	<b>3,347,560</b>	<b>105,787,497</b>	<b>1,741,795</b>	<b>110,876,852</b>
<b>Total Non-Current Assets</b>	<b>3,898,478</b>	<b>125,527,886</b>	<b>1,767,404</b>	<b>131,193,768</b>
<b>TOTAL ASSETS</b>	<b>12,364,689</b>	<b>130,513,124</b>	<b>2,272,265</b>	<b>145,150,078</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to Pension Plan	31,571	32,429	16,826	80,826
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>31,571</b>	<b>32,429</b>	<b>16,826</b>	<b>80,826</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Fund Net Position  
Proprietary Funds  
June 30, 2015

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total</u>
	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Other Enterprise Funds</u>	
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	118,626	92,332	74,276	285,234
Salaries Payable	2,818	3,852	1,842	8,512
Accrued Interest Payable	-	414,896	-	414,896
Due to Other Funds	-	3,150,000	-	3,150,000
Customer Deposits	120,307	-	-	120,307
Payable from Restricted Assets	-	92,007	-	92,007
Compensated Absences Payable, Current	24,954	47,992	27,544	100,490
Installment Notes Payable, Current	-	104,201	-	104,201
Revenue Notes Payable, Current	-	637,853	-	637,853
Revenue Bonds Payable, Current	-	2,350,000	-	2,350,000
<b>Total Current Liabilities</b>	<b>266,705</b>	<b>6,893,133</b>	<b>103,662</b>	<b>7,263,500</b>
Non-current Liabilities				
Other Postemployment Benefits	89,498	62,943	36,186	188,627
Compensated Absences	-	-	-	-
Installment Notes Payable, Non-current	-	109,275	-	109,275
Revenue Notes Payable, Non-current	-	10,137,095	-	10,137,095
Revenue Bonds Payable, Non-current	-	81,506,303	-	81,506,303
<b>Total Non-Current Liabilities</b>	<b>89,498</b>	<b>91,815,616</b>	<b>36,186</b>	<b>91,941,300</b>
<b>TOTAL LIABILITIES</b>	<b>356,203</b>	<b>98,708,749</b>	<b>139,848</b>	<b>99,204,800</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned Revenue	-	12,801	1,054	13,855
Pension Deferrals	125,753	129,170	67,017	321,940
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>125,753</b>	<b>141,971</b>	<b>68,071</b>	<b>335,795</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,347,560	16,699,692	1,741,795	21,789,047
Restricted for Capital Projects	-	18,617,616	-	18,617,616
Unrestricted	8,566,744	(3,622,475)	339,377	5,283,646
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 11,914,304</b>	<b>\$ 31,694,833</b>	<b>\$ 2,081,172</b>	<b>\$ 45,690,309</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

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

Proprietary Funds

For the Year Ended June 30, 2015

	Major Funds		Non-Major Funds	
	Water Fund	Wastewater Fund	Other Enterprise Funds	Total
<b>Revenues</b>				
Charges for Services	\$ 3,895,047	\$ 8,500,771	\$ 1,046,889	\$ 13,442,707
Other Operating Revenues	250,039	-	17,615	267,654
<b>Total Operating Revenues</b>	4,145,086	8,500,771	1,064,504	13,710,361
<b>Operating Expenses</b>				
Administration	133,791	-	50,602	184,393
Water Purchases	834,900	-	-	834,900
Waste Collection and Treatment	-	4,449,401	1,007,603	5,457,004
Maintenance	799,890	366,395	134,415	1,300,700
Depreciation	154,312	3,142,794	57,864	3,354,970
<b>Total Operating Expenses</b>	1,922,893	7,958,590	1,250,484	11,131,967
<b>Operating Income (Loss)</b>	2,222,193	542,181	(185,980)	2,578,394
<b>Non-Operating Revenues (Expenses)</b>				
Investment Earnings	1,847	3,427	105	5,379
Operating Grants and Contributions	-	-	4,574	4,574
Interest Expense	-	(4,872,270)	-	(4,872,270)
Interest on Assessments	-	549,190	-	549,190
Bond Issuance Costs	-	(33,037)	-	(33,037)
Sale of Capital Assets	-	4,702	-	4,702
<b>Total Non-Operating Revenues (Expenses)</b>	1,847	(4,347,988)	4,679	(4,341,462)
<b>Income (Loss) Before Contributions and Transfers</b>	2,224,040	(3,805,807)	(181,301)	(1,763,068)
Capital Contributions	86,298	2,629,701	-	2,715,999
Transfers In	-	-	365,000	365,000
Transfers Out	-	(350,000)	(122,000)	(472,000)
<b>Change in Net Position</b>	2,310,338	(1,526,106)	61,699	845,931
<b>Total Net Position- Beginning</b>	9,680,816	33,299,877	2,060,429	45,041,122
<b>Restatement</b>	(76,850)	(78,938)	(40,956)	(196,744)
<b>Total Net Position - Restated</b>	\$ 9,603,966	\$ 33,220,939	\$ 2,019,473	\$ 44,844,378
<b>Total Net Position - Ending</b>	\$ 11,914,304	\$ 31,694,833	\$ 2,081,172	\$ 45,690,309

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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Cash Flows-Proprietary Funds  
For the Year Ended June 30, 2015

	Major Enterprise Funds		Non-Major	Total
	Water Fund	Wastewater Fund	Enterprise Funds	
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 3,794,322	\$ 8,218,002	\$ 1,070,683	\$ 13,083,007
Cash Paid for Goods and Services	(1,156,545)	(4,194,817)	(883,569)	(6,234,931)
Cash Paid to Employees	(675,191)	(628,389)	(334,782)	(1,638,362)
Customer Deposits Received	53,490	-	-	53,490
Customer Deposits Returned	(49,130)	-	-	(49,130)
Other Operating Revenue	250,039	-	-	250,039
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>2,216,985</b>	<b>3,394,796</b>	<b>(147,668)</b>	<b>5,464,113</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Grants Received	-	-	4,574	4,574
Loan from Another Fund	-	-	-	-
Transfers from Other Funds	-	-	178,000	178,000
Transfers to Other Funds	-	(350,000)	65,000	(285,000)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>-</b>	<b>(350,000)</b>	<b>247,574</b>	<b>(102,426)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and Construction of Capital Assets	-	(640,607)	(164,863)	(805,470)
Interest Received on Assessments	-	549,190	-	549,190
Proceeds from Sale of Capital Assets	-	4,702	-	-
Principal Paid on Debt	-	(3,073,041)	-	(3,073,041)
Interest Paid on Debt	-	(4,631,858)	-	(4,631,858)
Contributions from Customers	86,298	3,592,070	-	3,678,368
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>86,298</b>	<b>(4,199,544)</b>	<b>(164,863)</b>	<b>(4,282,811)</b>
<b>Cash Flows Provided by Investing Activities</b>				
Interest on Investments	1,847	3,427	105	5,379
<b>Net Cash Provided by Investing Activities</b>	<b>1,847</b>	<b>3,427</b>	<b>105</b>	<b>5,379</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,305,130</b>	<b>(1,151,321)</b>	<b>(64,852)</b>	<b>1,088,957</b>
<b>Cash and Cash Equivalents - July 1</b>	<b>5,979,385</b>	<b>13,977,364</b>	<b>500,705</b>	<b>20,457,454</b>
<b>Cash and Cash Equivalents - June 30</b>	<b>\$ 8,284,515</b>	<b>\$ 12,829,470</b>	<b>\$ 435,853</b>	<b>\$ 21,551,790</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Statement of Cash Flows-Proprietary Funds  
For the Year Ended June 30, 2015

	Major Enterprise Funds		Non-Major	Total
	Water Fund	Wastewater Fund	Enterprise Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	2,222,193	\$ 552,304	\$ (185,980)	2,588,517
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	154,311	3,142,794	57,864	3,354,969
Pension Expense	850	872	452	2,174
Changes in Assets and Liabilities				
(Increase) Decrease in:				
Accounts Receivable	(100,725)	(287,119)	(5,204)	(393,048)
Inventory	(174)	419	(2,811)	(2,566)
Increase (Decrease) in:				
Accounts Payable	(15,474)	12,245	7,872	4,643
Customer Deposits	4,360	-	-	4,360
Unearned Revenue	-	4,350	166	4,516
Accrued Wages	(15,804)	(14,810)	(7,498)	(38,112)
Accrued Vacation Pay	(14,761)	(2,102)	(1,821)	(18,684)
Deferred Outflows of Resources for				
Pensions	(31,571)	(32,429)	(16,826)	(80,826)
Accrued OPEB Liability	13,780	18,272	6,118	38,170
<b>Total Adjustments</b>	<b>(5,208)</b>	<b>2,842,492</b>	<b>38,312</b>	<b>2,875,596</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 2,216,985</b>	<b>\$ 3,394,796</b>	<b>\$ (147,668)</b>	<b>\$ 5,464,113</b>

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Statement of Fiduciary Net Position

June 30, 2015

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	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 500
<b>Total Assets</b>	<u>\$ 500</u>
<b>Liabilities</b>	
Due to Other Governments	\$ 500
<b>Total Liabilities</b>	<u>\$ 500</u>

***Notes to the  
Financial Statements***

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**TOWN OF OAK ISLAND, NORTH CAROLINA**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Oak Island, North Carolina conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**Town of Oak Island ABC Board**

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

**B. Basis of Presentation**

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

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

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental funds:

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

**Police Department Headquarters Capital Project Fund.** This fund is used to account for construction of the Police Headquarters.

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

**Emergency 911 System Fund.** This fund is used to account for the 911 revenues received by the State 911 Board to enhance the State 911 system.

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

The Town reports the following major enterprise funds:

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

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

**Wastewater Capital Projects Fund.** This fund is used to account for the extension of the wastewater system currently located on the island.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation (Continued)**

The Town reports the following non-major enterprise funds:

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

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

**Sewer District Fee Fund.** This fund is used to account for fees charged for the availability of sewer service. These fees can only be used for payment of debt of the wastewater system.

The Town reports the following fund type:

**Agency Fund.** Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town maintains the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the Town is required to remit to the Brunswick County Board of Education.

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Oak Island. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Brunswick County from March 2014 through February 2015 apply to the fiscal year ended June 30, 2015. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Capital Reserve Fund, Accommodations Tax Fund, Emergency 911 Fund, Beach Preservation Fund, Water Fund, Wastewater Fund, Solid Waste Fund, South Harbour Golf Course Fun and Sewer District Fee Fund. All annual appropriations lapse at the fiscal year-end. Project budget ordinances are adopted for the Capital Project funds. The Wastewater Capital Project Fund and the Sewer District Fee Fund are consolidated with the Wastewater Fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager is authorized to transfer appropriations within a fund as he sees necessary; however, the governing board must approve any revisions that alter the total expenditures of any fund or change functional appropriations by more than \$1,000. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Restricted Assets**

Certain proceeds of the Town’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. As a part of the 2009 Series and 2011 Series Enterprise System Bond issuances, the Town established funds that could be drawn from as an assurance of the system’s ability to meet annual debt payments. Those funds are held in special accounts that may be only used for this purpose should system revenues not be adequate to provide for the payments. These accounts are designated Debt Service Reserve accounts. Additionally, there are Interest Accounts where the interest drawn on these reserve accounts is deposited. The earnings in these accounts offset a portion of the interest expense associated with the related bond’s next scheduled debt service payment. Unexpended loan funds in the Town Hall Replacement Project are also categorized as restricted because they only can be used for the purpose for which they were borrowed. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per NC G.S. 136-41.1 through 136-41-4.

Town of Oak Island Restricted Cash  
Governmental Activities

General Fund	Capital Reserve	\$ 435,715
	Streets	172,090
Accommodations Tax	Cultural and Recreation	791,643
Total Governmental Activities		<u>1,399,448</u>

Business Type Activities

Water Fund	Impact Fees	502,865
Wastewater Fund	Assessments	2,380,680
	Unexpended Bond Proceeds	4,648,995
	Capital Reserve	2,309,214
Total Business Type Activities		<u>\$ 9,841,754</u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014.

**5. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**6. Inventory and Prepaid Items**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's general and enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased. Inventory of the Town of Oak Island ABC Board consists of products for resale to customers. The cost of these inventories is expensed when sold rather than when purchased.

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

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consisting mainly of road networks, are not reported, because the Town is a Phase III town under GASB 34, and is not required to report those assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	30
Utility Systems I	40
Utility Systems II	50
Utility Systems III	60
Buildings	40
Improvements	10-25
Motor Vehicles	5
Heavy Motor Vehicles	10
Computer and Electric Equipment	5
Office Equipment	10
Equipment	10
Intangible Assets	30

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Capital Assets (Continued)

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

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town currently has one items that meet this criterion, contributions made to the pension plan in the 2015 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. Currently, the Town has prepaid taxes, property taxes receivable, prepaid assessments, assessments receivable, and deferral of pension expense that result from the implementation of GASB 68.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are reported as deferred charges and amortized over the term of the related 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Compensated Absences**

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

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

**11. Net Position**

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**11. Net Position (Continued)**

**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.

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

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

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

**Restricted for Stabilization by State statute** – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]

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

**Restricted for Public Safety** – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

**Restricted for Tourism** – portion of fund balance that is restricted by revenue source for certain tourism related purposes. This amount represents the balance of the unexpended accommodations tax receipts.

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**11. Net Position (Continued)**

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

Committed for Administration – portion of fund balance committed by Town Council for the town hall replacement. This amount represents the balance remaining in the Town Hall Replacement Capital Project Fund.

Committed for Public Safety – portion of fund balance committed by Town Council for the police headquarters project. This amount represents the balance remaining in the Police Headquarters Capital Project Fund.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$1,000.

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

The Town of Oak Island has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed by in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it in the best interest of the Town.

**12. Pensions**

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

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

No instances noted.

## **III. DETAIL NOTES ON ALL FUNDS**

### **A. Assets**

#### **1. Deposits**

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no formal policy regarding custodial risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Town's deposits had a carrying amount of \$21,176,852 and a bank balance of \$21,403,278. Of the bank balance, \$692,864 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the Town's petty cash funds totaled \$1,050. The carrying amount of deposits for the ABC Board was \$603,932 and the bank balance was \$575,725. \$355,832 of the bank balance was covered by federal depository insurance and the balance was maintained in institutions collateralizing deposits using the pooling method. At June 30, 2015, the ABC Board's cash on hand totaled \$1,500.

#### **2. Investments**

At June 30, 2015, the Town of Oak Island had \$6,973,993 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. \$4,648,995 of the amount represents restricted cash as unexpended bond proceeds in the Wastewater Fund. The Town had \$3,293,401 invested with Finistar and \$192,835 with First Citizens Bank. The Town has no policy regarding credit risk.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**3. Receivables - Allowances for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	06/30/2015
General Fund:	
Taxes Receivable	\$ 85,152
Storm Water Fees Receivable	2,097
Total General Fund	<u>87,249</u>
Enterprise Funds	
Water Fund	371,560
Wastewater Fund:	
Wastewater Billing	215,003
Sewer District Fees	20,596
Sewer Assessments	399,997
Solid Waste Fund	100,084
Total Enterprise Funds	<u>1,107,240</u>
Total	<u>\$ 1,194,489</u>

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being   depreciated:</b>				
Land	\$ 9,529,923	\$ -	\$ -	\$ 9,528,923
Construction in progress	250,000	-	-	250,000
<b>Total Capital Assets not being       depreciated</b>	<u>9,779,923</u>	<u>-</u>	<u>-</u>	<u>9,779,923</u>
<b>Capital assets being depreciated:</b>				
Buildings	17,086,230	-	-	17,086,230
Motor Vehicles	1,539,874	146,243	157,563	1,528,554
Heavy Motor Vehicles	2,571,614	-	244,153	2,327,461
Equipment	1,561,945	-	106,368	1,455,577
Office Equipment	180,443	-	8,038	172,405
Other Structures/Improvements	2,947,253	-	6,419	2,940,834
Computers/Electrical Equipment	981,045	-	316,558	664,487
Infrastructure	3,752,924	-	-	3,752,924
<b>Total Capital Assets being       depreciated</b>	<u>30,621,328</u>	<u>146,243</u>	<u>839,099</u>	<u>29,928,472</u>
<b>Less accumulated depreciation for:</b>				
Buildings	2,884,861	431,187	-	3,316,048
Motor Vehicles	1,413,319	87,465	157,563	1,343,221
Heavy Motor Vehicles	1,922,111	125,541	106,290	1,941,363
Equipment	1,148,393	79,676	102,209	1,125,859
Office Equipment	101,848	15,907	8,038	109,717
Other Structures/Improvements	1,251,036	152,342	2,589	1,400,789
Computers/Electrical Equipment	886,848	62,372	316,559	632,661
Infrastructure	707,494	125,097	-	832,592
<b>Total Accumulated Depreciation</b>	<u>10,315,910</u>	<u>1,079,588</u>	<u>693,248</u>	<u>10,702,250</u>
<b>Total Capital Assets being     depreciated, net</b>	<u>20,305,418</u>			<u>19,226,222</u>
<b>Governmental Activity Capital Assets,</b>	<u>\$ 30,085,340</u>			<u>\$ 29,006,148</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2015

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

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

General Government	\$ 179,231
Public Safety	527,103
Environmental Protection	10,954
Transportation	136,017
Cultural and Recreational	<u>226,283</u>
Total	<u>\$ 1,079,588</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Water Fund</b>				
<b>Capital assets not Being Depreciated</b>				
Land	\$ 135,068	\$ -	\$ -	\$ 135,068
Construction in Progress (CIP)	-	-	-	-
<b>Total capital assets not being depreciated</b>	<u>135,068</u>	<u>-</u>	<u>-</u>	<u>135,068</u>
<b>Capital assets being depreciated:</b>				
Buildings	134,596	-	-	134,596
Motor Vehicles	252,958	-	-	252,958
Equipment	335,821	-	-	335,821
Computer and Electric Equipment	93,727	-	-	93,727
Utility Systems I	1,973,903	-	-	1,973,903
Utility Systems III	<u>4,631,870</u>	<u>-</u>	<u>-</u>	<u>4,631,870</u>
<b>Total capital assets being depreciated</b>	<u>7,422,875</u>	<u>-</u>	<u>-</u>	<u>7,422,875</u>
<b>Less accumulated depreciation for:</b>				
Buildings	71,415	1,997	-	73,412
Motor Vehicles	248,798	4,160	-	252,958
Equipment	270,692	18,969	-	289,661
Computer and Electric Equipment	86,102	7,517	-	93,619
Utility Systems I	1,090,016	44,472	-	1,134,488
Utility Systems III	<u>2,289,049</u>	<u>77,196</u>	<u>-</u>	<u>2,366,246</u>
Total Accumulated Depreciation	<u>4,056,072</u>	<u>154,311</u>	<u>-</u>	<u>4,210,383</u>
<b>Total Capital Assets being Depreciated, Net</b>	<u>3,366,803</u>			<u>3,212,492</u>
<b>Water Fund Capital Assets, Net</b>	<u>\$ 3,501,871</u>			<u>\$ 3,347,560</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2015

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-type activities:</b>				
<i>Wastewater Fund</i>				
<b>Capital assets not Being Depreciated</b>				
Land	\$ 3,147,739	\$	\$	\$ 3,147,739
Future Treatment Rights	285,397			285,397
Construction in Progress (CIP)	-	-	-	-
<b>Total Capital Assets not being Depreciated</b>	<u>3,433,136</u>	<u>-</u>	<u>-</u>	<u>3,433,136</u>
<b>Capital assets being depreciated:</b>				
Buildings	13,266,014	-	-	13,266,014
Motor Vehicles	110,070	-	-	110,070
Heavy Vehicles	180,711	-	-	180,711
Equipment	7,394,284	-	-	7,394,284
Utility Systems I	27,067	-	-	27,067
Utility Systems II	84,576,111	640,607	-	85,216,718
Intangible Assets	11,961,437	-	-	11,961,437
<b>Total Capital Assets being Depreciated</b>	<u>117,515,694</u>	<u>640,607</u>	<u>-</u>	<u>118,156,301</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	1,167,468	331,650	-	1,499,118
Motor Vehicles	110,068	-	-	110,068
Heavy Vehicles	180,711	-	-	180,711
Equipment	2,739,760	717,647	-	3,457,407
Utility Systems I	10,350	677	-	11,027
Utility Systems III	7,232,334	1,694,105	-	8,926,439
Intangible Assets	1,218,455	398,715	-	1,617,170
Total Accumulated Depreciation	<u>12,659,146</u>	<u>3,142,794</u>	<u>-</u>	<u>15,801,940</u>
<b>Total Capital Assets being Depreciated, Net</b>	<u>104,856,548</u>			<u>102,354,361</u>
<b>Wastewater Fund Capital Assets, Net</b>	<u>\$ 108,289,684</u>			<u>\$ 105,787,497</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Notes to the Financial Statements (Continued)  
For the Fiscal Year Ended June 30, 2015

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i><b>Solid Waste</b></i>				
<b>Capital assets being depreciated:</b>				
Buildings	\$ 5,304	\$ -	\$ -	\$ 5,304
Motor Vehicles	53,350	-	26,727	26,622
Heavy Vehicles	717,952	164,863	-	882,815
Total Capital Assets being Depreciated	776,606	164,863	26,727	914,742
<b>Less Accumulated Depreciation for:</b>				
Buildings	1,868	133	-	2,001
Motor Vehicles	53,349	-	26,727	26,622
Heavy Vehicles	587,746	47,929	-	635,675
Total Accumulated Depreciation	642,963	48,062	26,727	664,298
Total Capital Assets being Depreciated, Net	133,643			250,444
<b>Solid Waste Fund Capital Assets, Net</b>	<b>\$ 133,643</b>			<b>\$ 250,444</b>
 <i><b>South Harbour Golf Course Fund</b></i>				
<b>Capital assets not Being Depreciated</b>				
Land	\$ 1,401,795	\$ -	\$ -	\$ 1,401,795
<b>Total Capital Assets not being Depreciated</b>	<b>1,401,795</b>	<b>-</b>	<b>-</b>	<b>1,401,795</b>
<b>Capital assets being depreciated:</b>				
Buildings	98,205	-	-	98,205
Equipment	73,471	-	-	73,471
Total Capital Assets being Depreciated	171,676	-	-	171,676
<b>Less Accumulated Depreciation for:</b>				
Buildings	15,959	2,455	-	18,414
Equipment	56,359	7,347	-	63,706
Total Accumulated Depreciation	72,318	9,802	-	82,120
Total Capital Assets being Depreciated, Net	99,359			89,556
<b>SHGC Fund Capital Assets, Net</b>	<b>\$ 1,501,153</b>			<b>\$ 1,491,351</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 113,426,351</b>			<b>\$ 110,876,852</b>

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

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

Water Fund	\$	154,311
Wastewater Fund		3,142,794
Solid Waste Fund		48,062
South Harbour Golf Course Fund		9,802
Total	\$	<u>3,354,969</u>

**Discretely Presented Component Unit**

Activity for the ABC Board for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets not Being Depreciated</b>				
Land	\$ 101,178	\$ -	\$ -	\$ 101,178
<b>Total Capital Assets not being Depreciated</b>	<u>101,178</u>	<u>-</u>	<u>-</u>	<u>101,178</u>
<b>Capital assets being depreciated:</b>				
Buildings	330,523	-	-	330,523
Furniture and Equipment	102,028	3,025	-	105,053
Paving	15,000	-	-	15,000
Total Capital Assets being Depreciated	<u>447,551</u>	<u>3,025</u>	<u>-</u>	<u>450,576</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	108,105	8,263	-	116,368
Furniture and Equipment	70,113	6,390	-	76,503
Paving	13,083	1,000	-	14,083
Total Accumulated Depreciation	<u>191,301</u>	<u>15,653</u>	<u>-</u>	<u>206,954</u>
Total Capital Assets being Depreciated, Net	<u>256,250</u>	<u>(12,628)</u>	<u>-</u>	<u>243,622</u>
<b>ABC Board Capital Assets, Net</b>	<u>\$ 357,428</u>			<u>\$ 344,800</u>

### III. DETAIL NOTES ON ALL FUNDS (Continued)

#### B. Liabilities

##### 1. Pension Plan Obligations

###### a. Local Governmental Employees' Retirement System

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

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

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

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

**a. Local Governmental Employees' Retirement System (Continued)**

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Oak Island employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Oak Island's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Oak Island were \$380,603 for the year ended June 30, 2015.

*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, 2015, the Town reported an asset of \$579,307 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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, 2014, the Town's proportion was .00982%, which was a decrease of 0.00068% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$10,235. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

**a. Local Governmental Employees' Retirement System (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 63,299
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,348,615
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	104,079
Town contributions subsequent to the measurement date	380,603	-
Total	<u>\$ 380,603</u>	<u>\$ 1,515,993</u>

\$380,603 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ (379,103)
2017	(379,103)
2018	(379,103)
2019	(378,684)
2020	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

**a. Local Governmental Employees' Retirement System (Continued)**

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

**a. Local Governmental Employees' Retirement System (Continued)**

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,966,421	\$ (579,307)	\$ (2,722,729)

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

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

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

**1. Plan Description**

The Town of Oak Island administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>21</u>
Total	<u><u>22</u></u>

A separate report was not issued for the plan.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting.** The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

**Method Used to Value Investments.** No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

**b. Law Enforcement Officers Special Separation Allowance (Continued)**

**3. 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. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post employment benefit increases.

**Annual pension cost and net pension obligation.** The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$	51,373
Interest on net pension obligation		1,406
Adjustment to annual required contribution		(2,376)
Annual pension cost (expense)		<u>50,403</u>
Contributions made		<u>16,976</u>
Increase (decrease) in net pension obligation		33,427
Net pension obligation, beginning of year		<u>28,123</u>
Net pension obligation, end of year	\$	<u><u>61,550</u></u>

**3 Year Trend Information**

For Year Ended June 30	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2013	\$ 51,349	55.13%	\$ 14,177
2014	\$ 44,615	68.74%	\$ 28,123
2015	\$ 50,403	33.68%	\$ 61,550

III. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$373,488. The covered payroll (annual payroll of active employees covered by the plan) was \$997,865, and the ratio of the UAAL to the covered payroll was 37.43 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. In addition, the Town has elected to match up to two percent of the contributions made by the employees not engaged in law enforcement to the Supplemental Retirement Income Plan. Contributions for the year ended June 30, 2015 were \$102,472 which consisted of \$53,690 from the Town and \$48,782 from the law enforcement officers.

### III. DETAIL NOTES ON ALL FUNDS (Continued)

#### B. Liabilities (Continued)

##### 1. Pension Plan Obligations (Continued)

###### d. Firemen's and Rescue Squad Workers' Pension Fund

**Plan Description.** The State of North Carolina contributes on behalf of the Town of Oak Island, to the Firefighter's and Rescue Squad Workers' Pension Fund, a cost-sharing multiple-employer defined pension plan with a special funding situation administered by the State of North Carolina. The fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454

**Funding Policy.** The Town contributes \$10 per month to the Fund for members. The State, a non-employer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

##### 2. Other Employment Benefits

###### a. Healthcare Benefits

**Plan Description.** Under the terms of a Town resolution, the Town administers a single employer defined benefit Healthcare Benefits Plan (the HCB Plan). The HCB Plan provides postemployment health and dental care benefits to retirees of the Town who meet the following requirements:

1. An employee who has a minimum of fifteen year in the North Carolina Local Government Employees Retirement System ("NCLGERS"), and a minimum of five years service to the Town, and are fifty-five years of age or older may continue health insurance with the Town until age sixty-five. The retiree shall share the cost of coverage at the rate of 5% for every year of service to the NCLGERS below twenty-five years. Medicare supplemental insurance shall be offered to retirees sixty-five or older who meet the above criteria with all costs being borne by the retiree. Continuation of coverage for the retiree's spouse or family may be allowed until the retiree reaches age sixty-five, provided all costs are borne by the retiree.
2. An employee retiring from the Town of Oak Island who has a minimum of twenty-five years in the NCLGERS, a minimum five years service with the Town and who is fifty years of age or older, may continue health insurance coverage with the Town until age sixty-five at no cost to the retiree. Medicare supplemental insurance shall be offered to retirees sixty-five or older who meet the above criteria with all costs being borne by the retiree. Continuation of coverage for the retiree's spouse or family shall be available until the retiree reaches age sixty-five, provided all costs are borne by the retiree.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**2. Other Employment Benefits (Continued)**

**a. Healthcare Benefits (Continued)**

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

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

Membership in the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation

Law Enforcement Officers	21
General Employees	93
Retirees	11
Total	125

***Funding Policy***

The Town has chosen to fund the healthcare benefits on a pay as you go basis. The current annual required contribution (ARC) is 2.85% of annual covered payroll. For the current year, the Town contributed \$85,345. The Town obtains healthcare coverage through private insurers. The Town's obligation to contribute to the HCB Plan is established and may be amended by the Town Council.

***Summary of Significant Accounting Policies***

Postemployment expenditures are made from the fund from which the retiree was employed. Currently all retirees are from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**2. Other Employment Benefits (Continued)**

**a. Healthcare Benefits (Continued)**

***Annual OPEB Cost and Net OPEB Obligation***

The Town's annual OPEB Cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$	171,314
Interest on net pension obligation		21,729
Adjustment to annual required contribution		(20,758)
Annual OPEB cost (expense)		<u>172,285</u>
Contributions made		<u>85,345</u>
Increase (decrease) in net OPEB obligation		86,940
Net OPEB obligation, beginning of year		<u>543,227</u>
Net OPEB obligation, end of year	\$	<u><u>630,167</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	% of Annual OPEB Contributed	Net OPEB Obligation
2013	\$ 185,692	33.3%	\$ 474,127
2014	\$ 167,171	58.7%	\$ 543,227
2015	\$ 172,285	49.5%	\$ 630,167

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**2. Other Employment Benefits (Continued)**

**a. Healthcare Benefits (Continued)**

***Funding Status and Funding Progress***

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability was \$1,619,846. The covered payroll (annual payroll of active employees covered by the plan) was \$4,996,947, and the ratio of the UAAL to the covered payroll was 30.8 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The assumed investment rate of return reflects that no assets are set aside within the Town that is legally held exclusively for retiree health benefits. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**2. Other Employment Benefits (Continued)**

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

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$0. The Town’s required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
Less than 10	1	2014
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of Oak Island will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**3. Deferred Outflows and Inflows of Resources of Resources**

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

General Fund:	
Contributions to Pension Plan	
In Current Fiscal Year	\$ <u>380,603</u>
	<u>380,603</u>
Proprietary Funds	
Contributions to Pension Plan	
In Current Fiscal Year	<u>80,826</u>
	<u>80,826</u>
	\$ <u>380,603</u>

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

General Fund:	
Prepaid Taxes	\$ 5,695
Taxes Receivable	485,398
Pension Deferrals	<u>1,194,052</u>
	<u>1,685,145</u>
Non-major Governmental Funds:	
Assessments Receivable	<u>6,037</u>
	<u>6,037</u>
	\$ <u>1,691,182</u>
Proprietary Funds::	
Prepaid Assessments	\$ 12,801
Pension Deferrals	321,940
Unredeemed Gift Cards	<u>1,054</u>
	<u>335,795</u>

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**4. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and workers' compensation in excess of \$1,000,000 and property in excess of \$500,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

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

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

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

The Town of Oak Island ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2015, the Town was a defendant to various claims and lawsuits. In the opinion of the Town's management and the Town Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**6. Long-Term Obligations**

**a. Installment Purchases**

The Town has entered into various installment purchase contracts to finance the acquisition and renovation of various land and facilities. These installment purchase contracts are outlined as follows:

General Fund

- a. On May 15, 2008, the Town entered into an installment purchase contract with BB&T for construction of police headquarters, due in annual principal installments of \$266,667 plus interest of 3.89% through July 2021.
- b. On May 15, 2008 the Town entered into an installment purchase contract with BB&T for construction of fire stations at Yaupon Beach and South Harbour, due in annual principal installments of \$408,643 plus interest of 3.93% through July 2022.
- c. On August 14, 2008, the Town entered into an installment purchase contract with BB&T for additional financing for the construction of police headquarters, due in annual principal installments of \$127,940 plus interest of 4.39% through June 2019.
- d. On June 17, 2009, the Town entered into an installment purchase contract with BB&T for the purchase and repair of the Yaupon Pier, due in annual principal installments of \$90,000 plus interest of 4.39% through June 2019.
- e. On May 13, 2009, the Town entered into an installment purchase contract with BB&T for the construction of Town Hall, due in annual principal installments of \$326,667 plus interest of 4.59% through July, 2024.

Wastewater Fund

- a. On May 30, 2002, the Town entered into an installment purchase contract with BB&T for the land purchase for future sewer expansion, due in annual installments of \$114,597 through May 2017.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**6. Long-Term Obligations (Continued)**

**a. Installment Purchases (Continued)**

Annual debt service payments on installment loans to maturity are as follows:

<u>Year Ending June 30</u>	<b>Governmental Type Activities</b>		<b>Business Type Activities</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,219,916	\$ 406,598	\$ 104,201	\$ 10,396
2017	1,219,917	355,540	109,275	5,322
2018	1,219,917	304,481		
2019	1,219,917	253,422		
2020-2025	4,778,386	571,795		
Total	\$ <u>9,658,053</u>	\$ <u>1,891,836</u>	\$ <u>213,476</u>	\$ <u>15,718</u>

**b.. Revolving Loans**

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

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

Current annual debt service requirement to maturity for the revolving loans are as follows:

Annual debt service requirements to maturity for revolving loans are as follows:

<u>Year Ending June 30</u>	<b>Business Type Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2016	637,853	246,028
2017	652,351	231,529
2018	667,181	216,700
2019	682,351	201,530
2020-2023	2,888,162	647,360
2024-2027	3,995,646	423,756
Thereafter	1,251,404	39,496
Total	\$ <u>10,774,948</u>	\$ <u>2,006,399</u>

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**6. Long-Term Obligations (Continued)**

**c. Revenue Bonds**

\$33,040,000 Enterprise System Bonds, series 2008A, net of \$561,329 issuance premium for wastewater system improvements. Principal installments are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate of 3.50%-5.00%. \$ 28,654,006

\$49,420,000 Enterprise System Bonds, series 2009, net of \$413,472 issuance discount issued for wastewater system improvements. Principal installments are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate 4.00% to 6.00%. 45,636,652

\$10,670,000 Enterprise System Bonds, series 2011, net of \$77,888 issuance discount issued for wastewater system improvements. Principal installments are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate of 2.25% to 5.75%. 9,565,645

\$ 83,856,303

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ending June 30</u>	<b>Business Type Activities</b>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,447,190	\$ 4,393,881
2017	2,547,190	4,298,931
2018	2,652,190	4,190,606
2019	2,762,190	4,076,075
2020-2023	12,397,810	14,960,669
2024-2028	19,345,949	8,996,294
Thereafter	41,703,784	1,777,956
Total	<u>\$ 83,856,303</u>	<u>\$ 57,550,419</u>

**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**6. Long-Term Obligations (Continued)**

**c. Revenue Bonds (Continued)**

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

The debt service coverage calculation for the year ended June 30, 2015 is as follows:

Operating and Non-operating Revenues	\$ 13,200,321
Sewer District Fee	2,292,332
Sewer Assessment Revenue	<u>1,900,000</u>
Total Revenues*	17,392,653
Current Expenses**	<u>6,574,254</u>
Income Available for Debt Service	10,818,399
15% of the Balance of the Revenue Fund	<u>776,269</u>
Total	<u>11,594,668</u>
100% of the Long Term Debt Service requirement for parity indebtedness, subordinated indebtedness, System G.O. indebtedness, and System Other Indebtedness for 2015.	6,829,738
Additional 20% of the Long Term Debt Service Requirement for Parity Indebtedness for 2015.	<u>1,365,948</u>
Total	<u>8,195,685</u>
Coverage Test 704(a)	1.26
Coverage Test 704(b)	1.38

\*In accordance with the Revenue Bond trust agreement assessment revenues shall be included in revenues if and to the extent specified in the Officer's Certificate filed in such fiscal year. In the current year \$1,900,000 in assessment revenue was included.

\*\*Per rate covenants, this does not include depreciation expense of \$3,297,106

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**6. Long-Term Obligations (Continued)**

**c. Revenue Bonds (Continued)**

The Town has pledged future water and wastewater customer revenues, net of specified current expenses, to repay \$83,856,303 in water and wastewater revenue bonds issued in January 2008, March, 2009 and January, 2011. Proceeds from the bonds provided financing for the extension to the wastewater system to the entire island. The bonds are payable solely from water and wastewater income available for debt service and are payable through 2036. The total principal and interest remaining to be paid on the bonds, net of issuance premium, is \$141,406,722. Principal and interest paid for the current year was \$6,836,865.

Section 706 (b) of the Bond Order requires that the amount held by the Trustee be reported in the audit report.

At June 30, 2015 US Bank as Trustee for the Town of Oak Island held the following deposits:

Enterprise Systems Bonds, Series 2009 Special Reserve Account	\$	3,861,601
Enterprise Systems Bonds, Series 2011 Special Revenue Account		787,404
Total on Deposit with Trustee	\$	<u>4,649,005</u>

**e. Changes in Long-Term Liabilities**

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchases	\$ 10,877,969	\$ -	\$ 1,219,916	\$ 9,658,053	\$ 1,219,916
Capitalized Leases	462,990	-	462,990	-	-
Compensated absences	371,958	19,486	16,912	374,532	-
Other Postemployment Benefits	392,770	66,035	17,265	441,540	-
Net Pension Liability (LIGERS)	996,876	-	996,876	-	-
Net pension obligation	<u>28,123</u>	<u>33,427</u>	<u>-</u>	<u>61,550</u>	<u>-</u>
Governmental activity long-term Liabilities	<u>\$ 13,130,686</u>	<u>\$ 118,948</u>	<u>\$ 2,713,959</u>	<u>\$ 10,535,675</u>	<u>\$ 1,219,916</u>
<b>Business-type activities:</b>					
Installment Purchases	\$ 312,838	\$ -	\$ 99,362	\$ 213,476	\$ 104,201
State Revolving Loan	11,398,628	-	609,823	10,774,948	637,853
Revenue Bonds	86,226,777	-	2,370,474	83,856,303	2,447,190
Net Pension Liability (LIGERS)	268,778	-	268,778	-	-
Other Postemployment Benefits	150,457	38,170	-	188,627	-
Compensated Absences	<u>119,174</u>	<u>-</u>	<u>18,684</u>	<u>100,490</u>	<u>-</u>
Business-type activity long-term Liabilities	<u>\$ 98,476,652</u>	<u>\$ 38,170</u>	<u>\$ 3,363,121</u>	<u>\$ 95,133,844</u>	<u>\$ 3,189,244</u>

The LIGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**C. Interfund Balances and Activity**

Balances due/to other funds at June 20, 2015, consist of the following:

Due to the Accommodations Tax Fund from:

Beach Tax Fund	\$ 1,500,000
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Due to the Beach Tax Fund from:

Wastewater Capital Project	\$ 2,929,959
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Due to the Accommodations Tax Fund from:

Wastewater Capital Project	\$ 220,041
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This balance was necessary to finance the remaining costs of the Wastewater System. The Town Council approved the loan with the requirement that the Accommodations Tax Fund be repaid over the next ten years. During the year Council approved a split of the Accommodations Tax Fund which is now made up of the Beach Tax Fund and the Accommodations Tax Fund. So the loan was divided among the two funds based on the balance in each. The loan bears interest at the rate that the Town's investment accounts are paying at the payment date. Per GASB requirements, this loan is shown as a receivable in the lending fund and a payable in the receiving fund. The loan is not reported in the fund financial statements as other sources and uses.

Transfers to/from other funds at June 30, 2015, consist if the following

From the Town Hall Capital Project Fund	
To the General Fund	\$ 385,114
From the Police Department Headquarters	
To the General Fund	837
From the General Fund	
To the Solid Waste Fund	135,000
From the General Fund	
To the Capital Reserve Fund	175,017
From the Wastewater Capital Project Fund	
To the Accommodations Tax Fund	350,000
From the Capital Reserve Fund	
To the Solid Waste Fund	165,000
From the South Harbour Golf Course Fund	
To the Accommodations Fund	<u>57,000</u>
 Total	 <u><u>\$ 1,267,968</u></u>

**III. DETAIL NOTES ON ALL FUNDS (Continued)**

**D. Disposal of Operations**

In fiscal year ending June 30, 2015, the Town transferred \$5,356 from its Emergency 911 fund to the Brunswick County Government for the purpose of enhancing Emergency 911 services. This was the remaining balance left in the Fund.

**E. Fund Balance**

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

Total fund balance – General Fund	\$	9,483,392
Less:		
Inventories		9,744
Prepays		568,059
Stabilization by State Statute		526,474
Streets-Powell Bill		172,090
Capital Projects		435,714
Remaining Fund Balance	\$	7,771,311

**IV. JOINTLY GOVERNED ORGANIZATION**

**A. Cape Fear Council of Governments**

The Town in Conjunction with four counties and forty other municipalities established the Cape Fear Council of Governments (“Council”). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council’s governing board. The Town paid membership fees of \$1,551 to the Council during the fiscal year ended June 30, 2015. Complete financial information for the Council can be obtained from the Council’s administrative offices at 1480 Harbour Drive, Wilmington, NC 28401.

**B. Brunswick County Airport Commission**

The Town in conjunction with Brunswick County and the Town of Southport established the Brunswick County Airport Commission. The purpose of the Commission is to acquire land, establish, construct, own, control, lease, equip, improve, maintain, operate, and regulate airports or landing fields within the County, to provide and maintain an airport facility for the use of the general aviation public and to promote the economic development of Brunswick County. The Town of Oak Island appoints two members and the Town of Southport appoints one member to the Commission while Brunswick County appoints a total of four. The Town is not obligated to furnish any funds to the Commission, but in the past has made contributions, during the year ended June 30, 2015, the Town made no contributions to the Commission. The participating governments do not have any equity interest in the Commissions, so no equity interest has been reflected in the Town’s financial statements at June 30, 2015. Complete financial information for the Airport Commission can be obtained at the airport’s administrative offices at 380 Long Beach Road, Southport, NC 28461.

**IV. JOINTLY GOVERNED ORGANIZATION (Continued)**

**C. West Brunswick Regional Water Reclamation Facility**

The Facility is owned, operated and maintained by Brunswick County, The Town of Oak Island, Town of Holden Beach, Town of Shallotte and the County have entered into a wastewater service agreement for a portion of the treatment capacity in the plant. Currently the Town of Oak Island is allocated treatment of three million gallons per day. Each participant is charged capacity service fees based on their share of capacity in the plant. Participants are also charged treatment service fees based on their share of capacity in the plant, Participants are also charged treatment service fees based on metered flow they send to the plant. The participant fees and cost s allocation to the County for their flow are combined so that the operating and maintenance costs of the plant are recovered by county retail revenues and participant service fees on a proportional and breakeven basis. Each participant has the ability to appoint one representative and one alternate to an Oversight Committee. This committee makes budget and operating recommendations to the County Commissioners. During the year ended June 30, 2015 the Town of Oak Island recorded \$2,909,696 in capacity fees and \$460,561 in service fees to Brunswick County.

**V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Federal and State Assisted Programs**

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

**VI. SUBSEQUENT EVENTS**

Events occurring after June 30, 2015 were evaluated by management on December 18, 2015 to ensure that any subsequent events that met the criteria for recognition and or disclosure in these financial statements have been included. In management's opinion, there are no events that require disclosure in these financial statements.

***Required Supplementary***

***Financial Data***

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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Funding Progress  
 June 30, 2015

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/2000	\$ -	\$ 190,934	\$ 190,934	0.00%	\$ 833,443	22.91%
12/31/2001	-	212,480	212,480	0.00%	848,902	25.03%
12/31/2002	-	268,781	268,781	0.00%	836,623	32.13%
12/31/2003	-	278,926	278,926	0.00%	792,942	35.18%
12/31/2004	-	369,658	369,658	0.00%	780,787	47.34%
12/31/2005	-	322,470	322,470	0.00%	918,365	35.11%
12/31/2006	-	298,853	298,853	0.00%	994,570	30.05%
12/31/2007	-	391,206	391,206	0.00%	1,011,832	38.66%
12/31/2008	-	376,725	376,725	0.00%	1,073,205	35.10%
12/31/2009	-	439,890	439,890	0.00%	1,129,298	38.95%
12/31/2010	-	414,197	414,197	0.00%	1,139,599	36.35%
12/31/2011	-	427,131	427,131	0.00%	1,220,744	34.99%
12/31/2012	-	364,518	364,518	0.00%	1,067,720	34.14%
12/31/2013	-	352,937	352,937	0.00%	986,882	35.76%
12/31/2014	-	373,488	373,488	0.00%	997,865	37.43%

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 June 30, 2015

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2002	22,755	73.07%
2003	24,648	67.47%
2004	29,916	55.59%
2005	34,761	146.19%
2006	32,482	156.44%
2007	31,352	182.58%
2008	37,884	159.25%
2009	37,997	154.68%
2010	38,565	134.61%
2011	45,841	99.99%
2012	46,933	84.71%
2013	51,349	55.13%
2014	44,615	68.74%
2015	50,403	33.68%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar Closed
Remaining Amortization Period	16 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases	4.25% - 7.85%
Includes Inflation at	3.00%
Cost of Living Adjustments	N/A

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Other Postemployment Benefits

Required Supplementary Information

Schedule of Funding Progress

June 30, 2015

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/2008	\$ -	\$ 1,813,586	\$ 1,813,586	0.00%	\$ 5,555,994	32.60%
12/31/2011	-	1,851,382	1,851,382	0.00%	6,123,242	30.20%
12/31/2012	-	1,599,866	1,599,866	0.00%	5,191,047	30.80%
12/31/2014	-	1,619,846	1,619,846	0.00%	4,996,947	32.40%

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Employer Contributions  
June 30, 2015

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<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	185,692	33.30%
2014	166,324	58.70%
2015	171,314	49.50%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Medical Cost Trend Rate	7.5%-5.00%
Years of Ultimate Trend Rate	2020
Includes Inflation at	3.00%

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Proportionate Share of Net Pension Liability (Asset)  
 Required Supplementary Information  
 Last Two Fiscal Years  
 Local Government Employee's Retirement System

	<b>2015</b>	2014
Town's Proportion of the Net Pension Liability ( Asset) (%)	<b>0.00982%</b>	0.01050%
Town's Proportion of the Net Pension Liability ( Asset) (\$)	<b>\$ (579,307)</b>	\$ 1,265,653
Town's Covered-Employee Payroll	<b>\$ 5,142,211</b>	\$ 4,767,809
Town's Proportion Share of the Net Pension Liability ( Asset) as a Percentage of its Covered-Employee Payroll	<b>-11.27%</b>	26.55%
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	<b>7.11%</b>	7.14%

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Contributions  
 Required Supplementary Information  
 Last Two Fiscal Years  
 Local Government Employee's Retirement System

	<b>2015</b>	2014
Contractually Required Contribution	\$ 367,082	\$ 339,202
Contributions in Relation to the Contractually Required Contribution	<b>380,603</b>	339,202
Contribution Surplus	<b>13,521</b>	-
Town's Covered-Employee Payroll	\$ 5,142,211	\$ 4,767,809
Contributions as a Percentage of Covered-Employee Payroll	<b>7.40%</b>	7.11%

***Individual Fund Statements and Schedules  
Governmental Funds***

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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Ad Valorem Taxes</b>			
Current Year	\$ 6,444,721	\$ 6,754,287	\$ 309,566
Prior Years	175,000	491,360	316,360
Motor Vehicle Tax	175,000	204,035	29,035
Penalties and Interest	42,500	176,477	133,977
<b>Total Ad Valorem Taxes</b>	<b>6,837,221</b>	<b>7,626,159</b>	<b>788,938</b>
<b>Other Taxes and Licenses</b>			
Local Option Sales Tax			
1%	605,000	662,577	57,577
1/2% 40	330,000	361,744	31,744
1/2% 42	310,000	339,758	29,758
1/2% 44	297,500	327,276	29,776
Privilege Licenses	-	-	-
Animal Control	1,000	1,605	605
<b>Total Other Taxes and Licenses</b>	<b>1,543,500</b>	<b>1,692,960</b>	<b>149,460</b>
<b>Unrestricted Intergovernmental</b>			
Beer and Wine Tax	25,000	33,805	8,805
Utility Franchise Tax	420,000	541,157	121,157
Telecommunications Tax	-	22,402	22,402
Video Franchise Fees	10,000	-	(10,000)
ABC Profit Distribution	90,000	199,523	109,523
<b>Total Unrestricted Intergovernmental</b>	<b>545,000</b>	<b>796,887</b>	<b>251,887</b>
<b>Restricted Intergovernmental</b>			
NC Control Substance Tax Distribution	234	430	196
Brunswick County Fire District Fees	1,043,000	1,097,542	54,542
Brunswick County Rescue Contract	36,000	36,000	-
State Street Aid Allocation	300,000	309,095	9,095
NCLM Safety Grant	1,500	1,500	750
NCDOT Mowing Agreement	6,520	6,520	-
<b>Total Restricted Intergovernmental</b>	<b>1,387,254</b>	<b>1,451,087</b>	<b>63,833</b>
<b>Permits and Fees</b>			
Planning Board Fees	-	660	660
Homeowners Recovery Fund	850	1,500	650
Building Permits	180,000	245,261	65,261
Inspection Fees	48,000	79,200	31,200
Other Permits and Fees	43,700	71,697	27,997
CAMA Reimbursement	4,500	7,595	3,095
<b>Total Permits and Fees</b>	<b>277,050</b>	<b>405,913</b>	<b>128,863</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>Sales and Services</b>			
Recreation Department Fees	70,000	66,186	(3,814)
Salty Dog Park Revenues	-	-	-
Stormwater Fees, Residential	199,716	169,647	(30,069)
Stormwater Fees, Commercial	25,000	20,760	(4,240)
Sponsorship Ads	2,000	2,650	650
EMS Service Fees	30,000	22,479	(7,521)
Fire Service Fees	18,000	6,206	(11,794)
Weight Room Fees	45,000	50,348	5,348
Merchandising	2,500	5,428	2,928
Mosquito Control	-	2,100	2,100
Video Programming Revenue	100,000	115,488	15,488
Lease, Southern Bell	-	2,880	2,880
<b>Total Sales and Services</b>	<b>492,216</b>	<b>464,172</b>	<b>(28,044)</b>
<b>Investment Earnings</b>			
General Fund	1,526	2,026	500
<b>Total Investment Earnings</b>	<b>1,526</b>	<b>2,026</b>	<b>500</b>
<b>Miscellaneous</b>			
Pier Lease	78,000	76,354	(1,646)
Donations	15,891	38,511	22,620
Fireworks Sponsorships	1,500	-	(1,500)
Civil Citations	10,000	7,760	(2,240)
Turtle Program	3,000	3,146	146
Lawsuit Settlement	-	500	500
Miscellaneous	4,967	32,213	27,246
<b>Total Miscellaneous</b>	<b>113,358</b>	<b>158,484</b>	<b>45,126</b>
<b>Total Revenues</b>	<b>\$ 11,197,125</b>	<b>\$ 12,597,688</b>	<b>\$ 1,400,563</b>
<b>Expenditures</b>			
<b>Governing Board</b>			
Salaries and Wages	\$ 39,000	\$ 42,250	\$ (3,250)
Employee Benefits	2,984	2,801	183
Operating Expenditures	245,200	179,505	65,695
Donations:			
Brunswick Family Assistance	2,000	-	2,000
Chamber of Commerce	3,000	3,000	-
Oak Island Senior Citizens	1,500	1,500	-
Communities in Schools	1,000	1,000	-
Hope Harbor Home	1,000	-	1,000
Family Emergency Teen Shelter	1,000	-	1,000
NC Fourth of July Festival	2,000	-	2,000
Brunswick County Literacy Council	1,500	-	1,500
Oak Island Community Watch	4,000	-	4,000
Lower Cape Fear Hospice	2,500	-	2,500
Oak Island Feral Cat Program	1,000	1,000	-
<b>Total Governing Board</b>	<b>307,684</b>	<b>231,056</b>	<b>76,628</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Administration</b>			
Salaries and Wages	768,727	776,543	(7,816)
Employee Benefits	297,527	294,220	3,307
Operating Expenditures	659,975	557,862	102,113
Capital Outlay	50,000	61,709	(11,709)
<b>Total Administration</b>	<b>1,776,229</b>	<b>1,690,334</b>	<b>85,895</b>
<b>Facilities Management</b>			
Salaries and Wages	43,384	46,148	(2,764)
Employee Benefits	14,595	13,977	618
Operating Expenditures	467,434	416,879	50,555
<b>Total Public Works</b>	<b>525,413</b>	<b>477,004</b>	<b>48,409</b>
<b>Total General Government</b>	<b>2,609,326</b>	<b>2,398,394</b>	<b>210,932</b>
<b>Public Safety</b>			
<b>Police</b>			
Salaries and Wages	1,135,202	1,099,289	35,913
Employee Benefits	436,894	411,477	25,417
Operating Expenditures	231,904	169,610	62,294
Capital Outlay	90,363	92,331	(1,968)
<b>Total Police</b>	<b>1,894,363</b>	<b>1,772,707</b>	<b>121,656</b>
<b>Fire</b>			
Salaries and Wages	1,147,089	1,118,187	28,902
Employee Benefits	379,232	392,098	(12,866)
Operating Expenditures	309,156	279,551	29,605
Capital Outlay	29,000	28,756	244
<b>Total Fire</b>	<b>1,864,477</b>	<b>1,818,592</b>	<b>45,885</b>
<b>Developmental Services</b>			
Salaries and Wages	311,447	311,835	(388)
Employee Benefits	134,932	111,458	23,474
Operating Expenditures	116,350	51,349	65,001
<b>Total Developmental Services</b>	<b>562,729</b>	<b>474,642</b>	<b>88,087</b>
<b>Animal Control</b>			
Salaries and Wages	82,051	86,241	(4,190)
Employee Benefits	36,372	36,113	259
Operating Expenditures	23,755	8,821	14,934
Capital Outlay	27,800	25,157	2,643
<b>Total Animal Control</b>	<b>169,978</b>	<b>156,332</b>	<b>13,646</b>
<b>Total Public Safety</b>	<b>4,491,547</b>	<b>4,222,273</b>	<b>269,274</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Transportation</b>			
<b>Public Works</b>			
Administration			
Salaries and Wages	104,102	100,697	3,405
Employee Benefits	33,825	34,840	(1,015)
Operating Expenditures	11,900	5,866	6,034
<b>Total Administration, Public Works</b>	<b>149,827</b>	<b>141,403</b>	<b>8,424</b>
Operations			
Salaries and Wages	177,332	191,593	(14,261)
Employee Benefits	68,461	77,806	(9,345)
Operating Expenditures	1,219,940	1,179,678	40,262
<b>Total Operations, Public Works</b>	<b>1,465,733</b>	<b>1,449,077</b>	<b>16,656</b>
<b>Fleet Maintenance</b>			
Salaries and Wages	82,818	83,012	(194)
Employee Benefits	34,184	31,718	2,466
Operating Expenditures	37,080	25,623	11,457
<b>Total Fleet Maintenance</b>	<b>154,082</b>	<b>140,353</b>	<b>13,729</b>
<b>Total Transportation</b>	<b>1,769,642</b>	<b>1,730,833</b>	<b>38,809</b>
<b>Environmental Protection</b>			
Salaries and Wages	109,162	73,644	35,518
Employee Benefits	49,979	35,246	14,733
Operating Expenditures	65,800	26,070	39,730
<b>Total Environmental Protection</b>	<b>224,941</b>	<b>134,960</b>	<b>89,981</b>
<b>Cultural and Recreation</b>			
<b>Recreation</b>			
Salaries and Wages	254,154	245,322	8,832
Employee Benefits	70,782	72,327	(1,545)
Operating Expenditures	110,870	102,304	8,566
<b>Total Recreation</b>	<b>435,806</b>	<b>419,953</b>	<b>15,853</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

General Fund

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

Budget and Actual

For the Year Ended June 30, 2015

	<b>Final Budget</b>	Actual	<b>Variance Positive (Negative)</b>
<b>Community Resource Center</b>			
Salaries and Wages	76,449	65,727	10,722
Employee Benefits	22,609	18,275	4,334
Operating Expenditures	15,650	10,677	4,973
<b>Total Community Resource Center</b>	<b>114,708</b>	<b>94,679</b>	<b>20,029</b>
<b>Total Cultural and Recreation</b>	<b>550,514</b>	<b>514,632</b>	<b>35,882</b>
<b>Debt Service</b>			
Principal	1,682,726	1,682,906	(180)
Interest and Fees	514,708	514,707	1
<b>Total Debt Service</b>	<b>2,197,434</b>	<b>2,197,613</b>	<b>(179)</b>
<b>Total Expenditures</b>	<b>\$ 11,843,404</b>	<b>\$ 11,198,705</b>	<b>\$ 644,699</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(646,279)</b>	<b>1,398,983</b>	<b>2,045,262</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	808,004	-	(808,004)
Transfers from Other Funds			
Capital Reserve Fund		-	
Town Hall Capital Project Fund		385,114	385,114
Police Department Headquarters Capital Project Fund	-	837	837
Transfers to Other Funds			
Solid Waste Fund	(135,000)	(135,000)	-
Capital Reserve Fund	(86,725)	(175,017)	(88,292)
Sale of Capital Assets	60,000	112,250	52,250
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 646,279</b>	<b>\$ 188,184</b>	<b>\$ (458,095)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>-</b>	<b>1,587,167</b>	<b>1,587,167</b>
<b>Fund Balance - Beginning of Year</b>		<b>7,457,775</b>	
<b>Fund Balance - End of Year</b>		<b>\$ 9,044,942</b>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Capital Reserve Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 100	\$ 100
<b>Total Revenues</b>	<b>-</b>	<b>100</b>	<b>100</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	78,275	-	(78,275)
Transfer from Other Funds	86,725	175,017	88,292
Transfer to Other Funds	(165,000)	(165,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>10,017</b>	<b>10,017</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>-</b>	<b>10,117</b>	<b>10,117</b>
<b>Fund Balance - Beginning of Year</b>		<u>425,597</u>	
<b>Fund Balance - End of Year</b>		<u><u>\$ 435,714</u></u>	

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Special Revenue-Beach Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Restricted Intergovernmental			
NCDENR Grant-Lockwood Folly Project	-	\$ 1,884,284	\$ 1,884,284
Brunswick County-Lockwood Folly Project	-	166,666	166,666
Total Restricted Intergovernmental	-	2,050,950	2,050,950
Other Taxes and Licenses			
Restricted Accomodations Tax Receipts	\$ 415,000	\$ 513,584	\$ 98,584
Total Other Taxes and Licenses	415,000	513,584	98,584
Investment Earnings	100	161	61
<b>Total Revenues</b>	<b>415,100</b>	<b>2,564,695</b>	<b>2,149,595</b>
<b>Expenditures</b>			
Cultural and Recreational			
Lockwood Folly Dredging Project	-	3,337,466	(3,337,466)
Other Operating Expenditures	197,000	3,245	193,755
Total Cultural and Recreational	197,000	3,340,711	(3,143,711)
<b>Total Expenditures</b>	<b>197,000</b>	<b>3,340,711</b>	<b>(3,143,711)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>218,100</b>	<b>(776,016)</b>	<b>(994,116)</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	218,100	-	218,100
Transfers from	-	-	-
Accomodations Tax Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>218,100</b>	<b>-</b>	<b>218,100</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>-</b>	<b>(776,016)</b>	<b>(776,016)</b>
<b>Fund Balance Beginning of the Year</b>		<b>3,458,741</b>	
<b>Fund Balance End of the Year</b>		<b>\$ 2,682,725</b>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Combining Balance Sheet  
 Other Governmental Funds  
 For the Year Ended June 30, 2015

	<b>Total Other Governmental Special Revenue Funds</b>	<b>Total Other Governmental Capital Project Funds</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 736,090	\$ -	\$ 736,090
Restricted Cash	-	-	-
Assessments Receivable, Net	6,037	-	6,037
Accounts Receivable	146,675	-	146,675
Due From Other Funds	1,720,041	-	1,720,041
<b>Total Assets</b>	<b>2,608,843</b>	<b>-</b>	<b>2,608,843</b>
<b>Liabilities</b>			
Accounts Payable	52,413	-	52,413
Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<b>52,413</b>	<b>-</b>	<b>52,413</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	6,037	-	6,037
<b>Total Deferred Inflows of Resources</b>	<b>6,037</b>	<b>-</b>	<b>6,037</b>
<b>Fund Balances</b>			
Non Spendable			
Prepays	-	-	-
Restricted			
Tourism	-	-	-
Public Safety	-	-	-
Cultural and Recreation	2,550,393	-	2,550,393
Committed			
Administration	-	-	-
Public Safety	-	-	-
<b>Total Fund Balances</b>	<b>2,550,393</b>	<b>-</b>	<b>2,550,393</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,608,843</b>	<b>\$ -</b>	<b>\$ 2,608,843</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

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

Other Governmental Funds

For the Year Ended June 30, 2015

	<b>Total Other Governmental Special Revenue Funds</b>	<b>Total Other Governmental Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>			
Other Taxes and Licenses	\$ 770,603	-	\$ 770,603
Restricted Intergovernmental	-	-	-
Investment Earnings	389	66	455
Miscellaneous	21,911	-	21,911
<b>Total Revenues</b>	<b>792,903</b>	<b>66</b>	<b>792,969</b>
<b>Expenditures</b>			
Current			
General Government	-	833	833
Culture and Recreation	308,119	-	308,119
<b>Total Expenditures</b>	<b>308,119</b>	<b>833</b>	<b>308,952</b>
<b>Revenues Over (Under) Expenditures</b>	<b>484,784</b>	<b>(767)</b>	<b>484,017</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	57,000	-	57,000
Transfers to Other Funds	-	(385,114)	(385,114)
Disposal of Government Operations	(5,356)	-	(5,356)
<b>Total Other Financing Sources (Uses)</b>	<b>51,644</b>	<b>(385,114)</b>	<b>(333,470)</b>
<b>Net Change in Fund Balance</b>	<b>536,428</b>	<b>(385,881)</b>	<b>150,547</b>
<b>Fund Balance - Beginning of Year</b>	<b>2,013,965</b>	<b>385,881</b>	<b>2,399,846</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,550,393</b>	<b>\$ -</b>	<b>\$ 2,550,393</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Combining Balance Sheet

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2015

	Accomodations Tax Fund	Emergency 911 Fund	Beach Preservation Fund	Total Other Governmental Special Revenue Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 642,818	\$ -	\$ 93,272	\$ 736,090
Assessments Receivable, Net	6,037	-	-	6,037
Accounts Receivable	146,675	-	-	146,675
Due From Other Funds	1,720,041	-	-	1,720,041
<b>Total Assets</b>	<b>2,515,571</b>	<b>-</b>	<b>93,272</b>	<b>2,608,843</b>
<b>Liabilities</b>				
Accounts Payable	46,631	-	5,782	52,413
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>46,631</b>	<b>-</b>	<b>5,782</b>	<b>52,413</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	6,037	-	-	6,037
<b>Total Deferred Inflows of Resources</b>	<b>6,037</b>	<b>-</b>	<b>-</b>	<b>6,037</b>
<b>Fund Balances</b>				
Restricted				
Public Safety	-	-	-	-
Cultural and Recreation	2,462,903	-	87,490	2,550,393
<b>Total Fund Balances</b>	<b>2,462,903</b>	<b>-</b>	<b>87,490</b>	<b>2,550,393</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,515,571</b>	<b>\$ -</b>	<b>\$ 93,272</b>	<b>\$ 2,608,843</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

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

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2015

	<b>Accomodations Tax Fund</b>	<b>Emergency 911 Fund</b>	<b>Beach Preservation Fund</b>	<b>Total Other Governmental Special Revenue Funds</b>
<b>Revenues</b>				
Other Taxes and Licenses	\$ 770,603	\$ -	\$ -	\$ 770,603
Restricted Intergovernmental	-	-	-	-
Investment Earnings	366	-	23	389
Miscellaneous	1,319	-	20,592	21,911
<b>Total Revenues</b>	<b>772,288</b>	<b>-</b>	<b>20,615</b>	<b>792,903</b>
<b>Expenditures</b>				
Current				
Culture and Recreation	290,962	-	17,157	308,119
<b>Total Expenditures</b>	<b>290,962</b>	<b>-</b>	<b>17,157</b>	<b>308,119</b>
<b>Revenues Over (Under) Expenditures</b>	<b>481,326</b>	<b>-</b>	<b>3,458</b>	<b>484,784</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	57,000	-	-	57,000
Transfers to Other Funds	-	-	-	-
Disposal of Government Operations	-	(5,356)	-	(5,356)
<b>Total Other Financing Sources (Uses)</b>	<b>57,000</b>	<b>(5,356)</b>	<b>-</b>	<b>51,644</b>
<b>Net Change in Fund Balance</b>	<b>538,326</b>	<b>(5,356)</b>	<b>3,458</b>	<b>536,428</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,924,577</b>	<b>5,356</b>	<b>84,032</b>	<b>2,013,965</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,462,903</b>	<b>\$ -</b>	<b>\$ 87,490</b>	<b>\$ 2,550,393</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Special Revenue-Beach Preservation Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Investment Earnings	\$ 30	\$ 23	\$ (7)
Miscellaneous			
Fund Raisers	6,530	12,268	5,738
Donations	1,000	224	(776)
Memberships	5,500	8,100	2,600
Total Miscellaneous	<u>13,030</u>	<u>20,592</u>	<u>7,562</u>
<b>Total Revenues</b>	<u>13,060</u>	<u>20,615</u>	<u>(7)</u>
<b>Expenditures</b>			
Cultural and Recreational			
Miscellaneous Supplies	1,000	3,093	(2,093)
Float and Other Events	1,000	629	371
Contract Services	1,500	500	1,000
Organization Membership Dues	500	390	110
Fund Raiser Events	2,500	2,355	145
Miscellaneous	500	902	(402)
Beach Preservation Newsletter	1,000	852	148
Beach Preservation Projects	2,360	6,850	(4,490)
Beach Lover's Campaign	2,700	1,463	1,237
Other Taxes and Licenses	-	123	(123)
<b>Total Expenditures</b>	<u>13,060</u>	<u>17,157</u>	<u>(4,097)</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>3,458</u>	<u>3,458</u>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<u>-</u>	<u>3,458</u>	<u>3,458</u>
<b>Fund Balance - Beginning of Year</b>		<u>84,032</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 87,490</u>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Special Revenue-Accomodations Tax Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Other Taxes and Licenses			
Accomodations Tax Receipts	\$ 625,540	\$ 770,603	\$ 145,063
Total Other Taxes and Licenses	625,540	770,603	145,063
Investment Earnings	1,000	366	(634)
Miscellaneous			
Sand Project Assessments	-	368	368
Miscellaneous Revenue	-	951	951
Total Miscellaneous	-	1,319	1,319
<b>Total Revenues</b>	<b>626,540</b>	<b>772,288</b>	<b>145,748</b>
<b>Expenditures</b>			
Cultural and Recreational			
Salaries	56,500	4,645	51,855
Employee Benefits	-	355	(355)
Greenhouse	8,000	6,078	1,922
Maintenance Plan	-	7,386	(7,386)
Contracted Services	10,000	14,680	(4,680)
Bulkheading	12,000	-	12,000
Dredging Project	60,000	64,483	(4,483)
Oak Island Pier	112,706	193,335	(80,629)
Sidewalks and Bikepaths	101,841	-	101,841
Total Cultural and Recreational	361,047	290,962	70,085
<b>Total Expenditures</b>	<b>361,047</b>	<b>290,962</b>	<b>70,085</b>
<b>Revenues Over (Under) Expenditures</b>	<b>265,493</b>	<b>481,326</b>	<b>215,833</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	(265,493)	-	265,493
Transfers from			
South Harbour Golf Fund	-	57,000	57,000
<b>Total Other Financing Sources (Uses)</b>	<b>(265,493)</b>	<b>57,000</b>	<b>322,493</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>-</b>	<b>538,326</b>	<b>538,326</b>
<b>Fund Balance Beginning of the Year</b>		<b>1,924,577</b>	
<b>Fund Balance End of the Year</b>		<b>\$ 2,462,903</b>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Special Revenue-Emergency 911 Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Restricted Intergovernmental			
State 911 Fund	\$ -	\$ -	\$ -
Total Restricted Intergovernmental	-	-	-
Investment Earnings	-	-	-
<b>Total Revenues</b>	-	-	-
<b>Expenditures</b>			
Public Safety			
911 Service	-	-	-
Total Public Safety	-	-	-
<b>Total Expenditures</b>	-	-	-
<b>Revenues Over (Under) Expenditures</b>	-	-	-
<b>Other Financing Sources (Uses)</b>			
Disposal of Government Operations	-	(5,356)	(5,356)
<b>Total Other Financing Uses</b>	-	(5,356)	(5,356)
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<u>-</u>	<u>(5,356)</u>	<u>(5,356)</u>
<b>Fund Balance - Beginning of Year</b>		<u>5,356</u>	
<b>Fund Balance - End of Year</b>		<u>\$ -</u>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Combining Balance Sheet  
 Other Governmental Capital Project Funds  
 For the Year Ended June 30, 2015

	<b>Police Headquarters Capital Project Fund</b>	<b>Town Hall Replacement Capital Project Fund</b>	<b>Total Other Governmental Capital Project Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Restricted Cash		-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Liabilities Due to Other Funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Committed Administration	-	-	-
Public Safety	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

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

Other Governmental Capital Project Funds

For the Year Ended June 30, 2015

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	<b>Police Headquarters Capital Project Fund</b>	<b>Town Hall Replacement Capital Project Fund</b>	<b>Total Other Governmental Capital Project Funds</b>
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 66	\$ 66
<b>Total Revenues</b>	<u>-</u>	<u>66</u>	<u>66</u>
<b>Expenditures</b>			
Current:	-	-	-
General Government	833	-	833
<b>Total Expenditures</b>	<u>833</u>	<u>-</u>	<u>833</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(833)</u>	<u>66</u>	<u>(767)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to Other Funds			
General Fund	-	(385,114)	(385,114)
<b>Net Change in Fund Balance</b>	<u>(833)</u>	<u>66</u>	<u>(767)</u>
<b>Fund Balance - Beginning of Year</b>	<u>833</u>	<u>385,048</u>	<u>385,881</u>
<b>Fund Balance - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Capital Projects Fund-Police Headquarters

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

From Inception and For the Fiscal Year Ended June 30, 2015

	Project	Actual	Actual	Total to	Variance
	Authorization	Prior	Current	Date	Positive
		Years	Year		(Negative)
<b>Revenues</b>					
Investment Earnings	\$ 207,427	\$ 208,258		\$ 208,258	\$ 831
<b>Total Revenues</b>	<u>207,427</u>	<u>208,258</u>	-	<u>208,258</u>	<u>831</u>
<b>Expenditures</b>					
Project Expenditures					
Professional Services	165,140	165,140	-	165,140	-
Environmental Remediation Costs	838,647	838,646	-	838,646	1
Miscellaneous	27,996	27,995	833	28,828	(832)
Building Construction	5,160,245	5,160,246	-	5,160,246	(1)
Capital Outlay	49,059	49,058	-	49,058	1
<b>Total Expenditures</b>	<u>6,241,087</u>	<u>6,241,085</u>	833	<u>6,241,918</u>	<u>(831)</u>
<b>Revenues Over (Under)</b>					
<b>Expenditures</b>	(6,033,660)	(6,032,827)	(833)	(6,033,660)	-
<b>Other Financing Sources</b>					
Debt Issued	5,663,215	5,663,215	-	5,663,215	-
Transfers From Other Funds:					
General Fund	16,445	16,445	-	16,445	-
Capital Reserve Fund	354,000	354,000	-	354,000	-
<b>Total Other Financing Sources</b>	<u>370,445</u>	<u>370,445</u>	-	<u>370,445</u>	-
<b>Revenues and Other Financing</b>					
<b>Sources Over (Under) Expenditures</b>	<u>(5,663,215)</u>	<u>(5,662,382)</u>	(833)	<u>(5,663,215)</u>	-
<b>Fund Balance, Beginning</b>			<u>833</u>		
<b>Fund Balance, Ending</b>			<u>\$ -</u>		

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Capital Projects Fund-Town Hall Replacement

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

From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted Intergovernmental					
Rural Center PEG Grant	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Investment Earnings	4,828	6,531	66	6,597	1,769
<b>Total Revenues</b>	<b>29,828</b>	<b>31,531</b>	<b>66</b>	<b>31,597</b>	<b>1,769</b>
<b>Expenditures</b>					
Capital Outlay					
General Government					
Professional Services	193,152	193,152	-	193,152	-
Special Inspections	22,506	22,505	-	22,505	1
Environmental Remediation	255,515	262,391	-	262,391	(6,876)
Miscellaneous	45,835	45,412	-	45,412	423
Capital Outlay-Land	628,742	628,741	-	628,741	1
Land Improvements	8,305	8,305	-	8,305	-
Construction	2,608,541	2,580,036	-	2,580,036	28,505
Site Work	53,769	53,769	-	53,769	-
Furnishings	30,812	30,812	-	30,812	-
Equipment	382,331	370,065	-	370,065	12,266
Contingency	50,000	-	-	-	50,000
<b>Total Expenditures</b>	<b>4,279,508</b>	<b>4,195,188</b>	<b>-</b>	<b>4,195,188</b>	<b>84,320</b>
<b>Revenues Over (Under)</b>					
<b>Expenditures</b>	<b>(4,249,680)</b>	<b>(4,163,657)</b>	<b>66</b>	<b>(4,163,591)</b>	<b>86,089</b>
<b>Other Financing Sources</b>					
Transfers to Other Funds:					
General Fund	(650,320)	(351,295)	(385,114)	(736,409)	(86,089)
Installment Purchase Obligations Issued	4,900,000	4,900,000	-	4,900,000	-
<b>Total Other Financing Sources</b>	<b>4,249,680</b>	<b>4,548,705</b>	<b>(385,114)</b>	<b>4,163,591</b>	<b>-</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>-</b>	<b>385,048</b>	<b>(385,048)</b>	<b>-</b>	<b>86,089</b>
<b>Fund Balance, Beginning</b>			<b>385,048</b>		
<b>Fund Balance, Ending</b>			<b>\$ -</b>		

***Individual Fund Statements and Schedules***  
***Proprietary Funds***

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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Water Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for Services:			
Utility Charges	\$ 2,871,999	\$ 3,585,806	\$ 713,807
Reconnect Fees	55,000	97,943	42,943
Late Fees	40,000	56,035	16,035
Water Taps	60,000	155,263	95,263
Other Operating Revenues	240,000	250,039	10,039
<b>Total Operating Revenues</b>	<b>3,266,999</b>	<b>4,145,086</b>	<b>878,087</b>
<b>Nonoperating Revenues</b>			
Impact Fees	63,000	86,298	23,298
Interest Earnings	2,000	1,847	(153)
<b>Total Nonoperating Revenues</b>	<b>65,000</b>	<b>88,145</b>	<b>23,145</b>
<b>Total Revenues</b>	<b>3,331,999</b>	<b>4,233,231</b>	<b>901,232</b>
<b>Expenditures</b>			
<b>Water Administration</b>			
Salaries and Wages	73,894	75,534	(1,640)
Employee Benefits	32,178	27,871	4,307
Other Operating Expenditures	56,000	61,109	(5,109)
<b>Total Waste Administration</b>	<b>162,072</b>	<b>164,514</b>	<b>(2,442)</b>
<b>Water Maintenance</b>			
Salaries and Wages	351,590	395,911	(44,321)
Employee Benefits	113,694	112,045	1,649
Other Operating Expenditures	312,460	292,916	19,544
Capital Outlay	-	-	-
Cost of Water	815,000	834,900	(19,900)
<b>Total Water Maintenance</b>	<b>1,592,744</b>	<b>1,635,772</b>	<b>(43,028)</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Total Expenditures</b>	1,754,816	1,800,286	(45,470)
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	-	-	-
Fund Balance Appropriated	(1,577,183)		1,577,183
<b>Total Other Financing Sources (Uses)</b>	(1,577,183)	-	1,577,183
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	-	2,432,945	2,432,945
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>		<u>\$ 2,432,945</u>	
Reconciling Items:			
Depreciation Expense		(154,312)	
Deferred Outflows of Resources For Contributions Made to Pension Plan in the Current Year		31,572	
Pension Expense		(848)	
(Increase) Decrease in:			
Accrued Vacation Pay		14,761	
Other Postemployment Benefits		(13,780)	
Total Reconciling Items		<u>(122,607)</u>	
<b>Change in Net Position</b>		<u>\$ 2,310,338</u>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Wastewater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>			
Charges for Services:			
Utility Charges	\$ 7,276,160	\$ 7,938,815	\$ 662,655
Caswell Beach Utility Charges	385,000	348,297	(36,703)
Sewer Taps	85,000	213,659	128,659
Other Operating Income	-	-	-
<b>Total Operating Revenues</b>	<b>7,746,160</b>	<b>8,500,771</b>	<b>754,611</b>
<b>Nonoperating Revenues</b>			
Impact Fees	40,000	82,285	42,285
Sewer Assessments	1,500,000	2,459,786	959,786
Interest on Sewer Assessments	500,000	446,021	(53,979)
Interest Earned-Revenue Bonds	2,300	839	(1,461)
Interest Earnings	3,500	2,434	(1,066)
Other Income	-	4,702	4,702
<b>Total Nonoperating Revenues</b>	<b>2,045,800</b>	<b>2,996,067</b>	<b>950,267</b>
<b>Total Revenues</b>	<b>9,791,960</b>	<b>11,496,838</b>	<b>1,704,878</b>
<b>Expenditures</b>			
<b>Waste Collection</b>			
Salaries and Wages	228,688	184,826	43,862
Employee Benefits	92,650	60,636	32,014
Other Operating Expenditures	544,066	528,348	15,718
Maintenance and Repair	325,674	333,009	(7,335)
<b>Total Waste Collection</b>	<b>1,191,078</b>	<b>1,106,819</b>	<b>84,259</b>
<b>Waste Treatment</b>			
Salaries and Wages	262,762	261,625	1,137
Employee Benefits	104,812	91,105	13,707
County Treatment Capital Charge	2,909,697	2,909,696	1
County Treatment Service Fees	575,000	460,561	114,439
Other Operating Expenditures	251,850	197,623	54,227
Maintenance and Repair	45,000	33,386	11,614
<b>Total Waste Treatment</b>	<b>4,149,121</b>	<b>3,953,996</b>	<b>195,125</b>
<b>Debt Service</b>			
Principal Payments	3,423,042	3,073,041	350,001
Interest	4,762,796	4,762,301	495
<b>Total Debt Service</b>	<b>8,185,838</b>	<b>7,835,342</b>	<b>350,496</b>
<b>Capital Outlay</b>			
Utility System II	110,116	40,501	69,615
<b>Total Capital Outlay</b>	<b>110,116</b>	<b>40,501</b>	<b>69,615</b>
<b>Total Expenditures</b>	<b>13,636,153</b>	<b>12,936,658</b>	<b>699,495</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ (3,844,193)</b>	<b>\$ (1,439,820)</b>	<b>\$ 2,404,373</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Wastewater Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	\$ 1,764,403	-	\$ (1,764,403)
Transfers in:			
Sewer District Fund	2,079,790	2,270,790	191,000
Transfers out:			
Accommodations Tax Fund	-	(350,000)	(350,000)
<b>Total Other Financing Sources (Uses)</b>	<u>3,844,193</u>	<u>1,920,790</u>	<u>(1,923,403)</u>
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	<u>-</u>	<u>480,970</u>	<u>480,970</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>		<u>\$ 480,970</u>	
Reconciling Items:			
Payment of Debt Principal		3,073,041	
Amortization of Debt Issuance Costs		(53,512)	
Amortization of Premium and Discount		20,475	
Capitalization of Equipment		40,501	
Depreciation Expense		(3,142,794)	
Deferred Outflows of Resources For Contributions Made to Pension Plan in the Current Year		32,429	
Pension Expense		(872)	
Accrued Interest on Assessments		125,527	
Wastewater Assessments Deferred		(2,204,702)	
Transfer to Wastewater Capital Projects Fund		350,000	
(Increase) Decrease in:			
Accrued Vacation Pay		2,102	
Other Postemployment Benefits		(18,272)	
Interest Expense Accrual		(130,443)	
Sewer District Fund			
Sewer District Fees		2,292,332	
Accrued Interest on Sewer District Fees		(22,358)	
Interest Income		154	
Transfer to Wastewater Fund		(2,270,790)	
Wastewater Capital Projects Fund			
Transfer from Wastewater Fund		(350,000)	
Capitalization of Equipment		600,106	
Transfer to Accommodations Tax Fund		(350,000)	
Total Reconciling Items		<u>(2,007,076)</u>	
<b>Change in Net Position</b>		<u>\$ (1,526,106)</u>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Wastewater Capital Projects Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
<b>Restricted Intergovernmental</b>					
NC Rural Center Grant-Phase I	\$ 96,849	\$ 96,849	\$ -	\$ 96,849	\$ -
NC Rural Center Grant-Phase II	500,000	500,000	-	500,000	-
NC Clean Water Management Trust Phase I	2,487,000	2,302,812	-	2,302,812	(184,188)
Brunswick County Reimbursement	400,000	400,000	-	400,000	-
<b>Total Restricted Intergovernmental</b>	<b>3,483,849</b>	<b>3,299,661</b>	<b>-</b>	<b>3,299,661</b>	<b>(184,188)</b>
<b>Miscellaneous</b>					
Prepaid Discount Assessment	5,314,050	5,314,050	-	5,314,050	-
Miscellaneous Revenues	72,666	72,666	10,100	82,766	10,100
<b>Total Miscellaneous</b>	<b>5,386,716</b>	<b>5,386,716</b>	<b>10,100</b>	<b>5,396,816</b>	<b>10,100</b>
<b>Interest Earnings</b>	<b>888,863</b>	<b>888,863.0</b>		<b>888,863</b>	<b>-</b>
<b>Total Revenues</b>	<b>9,759,428</b>	<b>9,575,240</b>	<b>10,100</b>	<b>9,585,340</b>	<b>(174,088)</b>
<b>Expenditures</b>					
Capital Outlay:					
Wastewater System					
Phase I	61,408,742	61,408,744	-	61,408,744	(2)
Phase II	54,245,788	53,315,993	600,106	53,916,099	329,689
<b>Total Expenditures</b>	<b>115,654,530</b>	<b>114,724,737</b>	<b>600,106</b>	<b>115,324,843</b>	<b>329,687</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (105,895,102)</b>	<b>\$ (105,149,497)</b>	<b>\$ (590,006)</b>	<b>\$ (105,739,503)</b>	<b>\$ 155,599</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Wastewater Capital Projects Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
<b>Other Financing Sources</b>					
Transfers In:					
General Fund	1,613,500	1,613,500	-	1,613,500	-
Water Fund	1,896,133	1,896,133	-	1,896,133	-
Wastewater Fund	1,273,039	1,273,039	350,000	1,623,039	350,000
Accommodations Tax Fund	3,831,041	3,831,041	-	3,831,041	-
Commercial Wastewater Project	266,706	266,706	-	266,706	-
Capital Reserve Fund	462,253	462,253	-	462,253	-
Transfers Out					
General Fund	(1,613,500)	(1,613,500)	-	(1,613,500)	-
Water Fund	(1,760,000)	(1,760,000)	-	(1,760,000)	-
Wastewater Fund	(10,055,102)	(10,055,101)	-	(10,055,101)	-
Accommodations Tax Fund	(331,041)	(331,041)	(350,000)	(681,041)	(350,000)
Capital Reserve Fund	(728,959)	(728,959)	-	(728,959)	-
Reuse Park Phase I	(200,000)	(200,000)	-	(200,000)	-
Debt Issued					
NC State Revolving Loan Fund- 1st Allocation	7,524,846	7,524,846	-	7,524,846	-
NC State Revolving Loan Fund- 2nd Allocation	6,579,167	6,579,167	-	6,579,167	-
Loan Proceeds-Land Acquisition	3,710,000	3,710,000	-	3,710,000	-
Revenue Bond Proceeds- Series 2008A-Ph I	33,601,329	33,601,329	-	33,601,329	-
Revenue Bond Proceeds- Series 2008B-Ph II	49,006,528	49,006,528	-	49,006,528	-
Revenue Bond Proceeds- Series 2011-Ph II	10,592,112	10,592,112	-	10,592,112	-
<b>Total Other Financing Sources</b>	<b>154,674,580</b>	<b>154,674,581</b>	<b>-</b>	<b>154,674,581</b>	<b>-</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>					
	<u>\$ 48,779,478</u>	<u>\$ 49,525,084</u>	<u>\$ (590,006)</u>	<u>\$ 48,935,078</u>	<u>\$ 155,599</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Combining Statement of Net Position  
Other Enterprise Funds  
June 30, 2015

	<u>Non-Major Enterprise Funds</u>		
	<u>Solid Waste Fund</u>	<u>South Harbour Golf Course Fund</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 433,067	\$ 2,786	\$ 435,853
Accounts Receivable (net)	60,451	-	60,451
Other Receivables	1,050	-	1,050
Inventories	-	7,507	7,507
Net Pension Asset	18,007	7,602	25,609
<b>Total Current Assets</b>	<u>512,575</u>	<u>17,895</u>	<u>530,470</u>
<b>Noncurrent Assets</b>			
Capital Assets:			
Land Improvement	\$ -	\$ 1,401,795	\$ 1,401,795
Buildings	5,304	98,205	103,509
Motor Vehicles	26,623	-	26,623
Heavy Vehicles	882,815	-	882,815
Equipment	-	73,471	73,471
Less Accumulated Depreciation	(664,298)	(82,120)	(746,418)
<b>Total Non-current Assets</b>	<u>250,444</u>	<u>1,491,351</u>	<u>1,741,795</u>
<b>Total Assets</b>	<u>763,019</u>	<u>1,509,246</u>	<u>2,272,265</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to Pension Plan	11,831	4,995	16,826
<b>Total Deferred Inflows of Resources</b>	<u>\$ 11,831</u>	<u>\$ 4,995</u>	<u>\$ 16,826</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 70,958	\$ 3,318	\$ 74,276
Salaries Payable	1,299	543	1,842
Compensated Absences	21,676	5,868	27,544
<b>Total Current Liabilities</b>	<u>93,933</u>	<u>9,729</u>	<u>103,662</u>
<b>Noncurrent Liabilities</b>			
Other Postemployment Benefits	36,186	-	36,186
Compensated Absences	-	-	-
<b>Total Non-current Liabilities</b>	<u>36,186</u>	<u>-</u>	<u>36,186</u>
<b>Total Liabilities</b>	<u>\$ 130,119</u>	<u>\$ 9,729</u>	<u>\$ 139,848</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue	\$ -	\$ 1,054	\$ 1,054
Pension Deferrals	47,123	19,894	67,017
<b>Total Deferred Inflows of Resources</b>	<u>\$ 47,123</u>	<u>\$ 20,948</u>	<u>\$ 68,071</u>

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Combining Statement of Net Postion  
 Other Enterprise Funds  
 June 30, 2015

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<b>NET POSITION</b>			
Net Investment in Capital Assets	\$	250,444	
Unrestricted	\$	1,491,351	\$ 1,741,795
		347,164	(7,787) 339,377
<b>Total Net Position</b>	<b>\$</b>	<b>597,608</b>	<b>\$ 1,483,564</b> <b>\$ 2,081,172</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

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

## Other Enterprise Funds

For the Year Ended June 30, 2015

	<b>Non-Major Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>South Harbour Golf Course Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for Services			
Charges for Collection	\$ 940,489	\$ 106,400	\$ 1,046,889
Miscellaneous	9,273	8,342	17,615
<b>Total Operating Revenues</b>	<b>949,762</b>	<b>114,742</b>	<b>1,064,504</b>
<b>Operating Expenses</b>			
Administration	-	50,602	50,602
Waste Collection and Treatment	1,007,603	-	1,007,603
Repairs and Maintenance	-	134,415	134,415
Depreciation	48,062	9,802	57,864
<b>Total Operating Expenses</b>	<b>1,055,665</b>	<b>194,819</b>	<b>1,250,484</b>
<b>Operating Income</b>	<b>(105,903)</b>	<b>(80,077)</b>	<b>(185,980)</b>
<b>Nonoperating Revenues (Expenses)</b>			
Investment Earnings	82	23	105
Operating Grants and Contributions	4,574	-	4,574
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,656</b>	<b>23</b>	<b>4,679</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(101,247)</b>	<b>(80,054)</b>	<b>(181,301)</b>
<b>Contributions and Transfers</b>			
Transfers in	300,000	65,000	365,000
Transfers to Other Funds	-	(122,000)	(122,000)
<b>Total Contributions and Transfers</b>	<b>300,000</b>	<b>(57,000)</b>	<b>243,000</b>
<b>Change in Net Position</b>	<b>198,753</b>	<b>(137,054)</b>	<b>61,699</b>
<b>Net Position - Beginning of Year</b>	<b>427,653</b>	<b>1,632,776</b>	<b>2,060,429</b>
<b>Restatement</b>	<b>(28,798)</b>	<b>(12,158)</b>	<b>(40,956)</b>
<b>Net Position - Beginning of Year Restated</b>	<b>398,855</b>	<b>1,620,618</b>	<b>2,019,473</b>
<b>Net Position - End of Year</b>	<b>\$ 597,608</b>	<b>\$ 1,483,564</b>	<b>\$ 2,081,172</b>

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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Combining Statement of Cash Flows  
Other Enterprise Funds  
For the Year Ended June 30, 2015

	<u>Non-Major Enterprise Funds</u>		
	<u>Solid Waste Fund</u>	<u>South Harbour Golf Course Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers and Users	\$ 955,941	\$ 114,742	\$ 1,070,683
Cash Paid for Goods and Services	(809,800)	(73,769)	(883,569)
Cash Paid to Employees	(204,954)	(129,828)	(334,782)
<b>Net Cash Provided by Operating Activities</b>	<u>(58,813)</u>	<u>(88,855)</u>	<u>(147,668)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants Received	4,574	-	4,574
Transfers from Other Funds	300,000	(122,000)	178,000
Transfers to Other Funds		65,000	65,000
<b>Net Cash Used by Noncapital Financing Activities</b>	<u>304,574</u>	<u>(57,000)</u>	<u>247,574</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and Construction of Capital Assets	(164,863)	-	(164,863)
<b>Net Cash Used by Noncapital Financing Activities</b>	<u>(164,863)</u>	<u>-</u>	<u>(164,863)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	82	23	105
<b>Net Increase in Cash and Cash Equivalents</b>	80,980	(145,832)	(64,852)
<b>Cash and Cash Equivalents - July 1</b>	<u>352,087</u>	<u>148,618</u>	<u>500,705</u>
<b>Cash and Cash Equivalents - June 30</b>	<u>\$ 433,067</u>	<u>\$ 2,786</u>	<u>\$ 435,853</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Combining Statement of Cash Flows (Continued)  
Other Enterprise Funds  
For the Year Ended June 30, 2015

	<u>Non-Major Enterprise Funds</u>		
	<u>Solid Waste Fund</u>	<u>South Harbour Golf Course Fund</u>	<u>Total</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (105,903)	\$ (80,077)	\$ (185,980)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	48,062	9,802	57,864
Pension Expense	318	134	452
Changes in Assets and Liabilities			
(Increase) Decrease in:			
Accounts Receivable	(5,204)	-	(5,204)
Inventory	-	(2,811)	(2,811)
Deferred Outflows of Resources in Pensions	(11,831)	(4,995)	(16,826)
Increase (Decrease) in:			
Accounts Payable	10,164	(2,292)	7,872
Unearned Revenue	-	166	166
Accrued Wages	(3,908)	(3,590)	(7,498)
Accrued Vacation Pay	3,371	(5,192)	(1,821)
Accrued OPEB liability	6,118	-	6,118
<b>Total Adjustments</b>	<b>47,090</b>	<b>(8,778)</b>	<b>38,312</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ (58,813)</b>	<b>\$ (88,855)</b>	<b>\$ (147,668)</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Solid Waste Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Operating Revenues</b>			
Charges for Services			
Charges for collection	\$ 860,081	\$ 940,489	\$ 80,408
Other Operating Revenue	1,000	9,273	8,273
<b>Total Operating Revenues</b>	<b>861,081</b>	<b>949,762</b>	<b>88,681</b>
<b>Nonoperating Revenues</b>			
Solid Waste Disposal Tax	1,500	4,574	3,074
Interest Earnings	100	82	(18)
<b>Total Nonoperating Revenues</b>	<b>1,600</b>	<b>4,656</b>	<b>3,056</b>
<b>Total Revenues</b>	<b>862,681</b>	<b>954,418</b>	<b>91,737</b>
<b>Expenditures</b>			
<b>Water</b>			
Salaries and Wages	138,276	163,997	(25,721)
Employee Benefits	54,785	46,538	8,247
Operating Expenditures	171,650	189,977	(18,327)
Maintenance and Repair	42,500	44,797	(2,297)
Recycling Program	395,000	488,116	(93,116)
Yard Waste Recycling	80,000	76,200	3,800
Capital Outlay	300,000	164,864	135,136
<b>Total Sanitation Operation Expenditures</b>	<b>1,182,211</b>	<b>1,174,489</b>	<b>7,722</b>
<b>Total Expenditures</b>	<b>1,182,211</b>	<b>1,174,489</b>	<b>7,722</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ (319,530)</b>	<b>\$ (220,071)</b>	<b>\$ 99,459</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Solid Waste Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	\$ 19,530	\$ -	\$ (19,530)
Transfers in:			
General Fund	135,000	135,000	-
Capital Reserve	165,000	165,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>319,530</u>	<u>300,000</u>	<u>(19,530)</u>
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	<u>-</u>	<u>79,929</u>	<u>79,929</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>		<u>\$ 79,929</u>	
Reconciling Items:			
Depreciation Expense		(24,401)	
Capital Outlay		164,863	
(Increase) Decrease in Accrued Vacation Pay		(3,371)	
Deferred Outflows of Resources for Contributions Made to Pension Plan in Current Fiscal Year		(11,831)	
Pension Expense		(318)	
Other Postemployment Benefits		(6,118)	
Total Reconciling Items		<u>118,824</u>	
<b>Change in Net Position</b>		<u>\$ 198,753</u>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 South Harbour Golf Course Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
<b>Operating Revenues</b>			
<b>Charges for Services</b>			
Annual Membership	\$ 24,000	\$ 18,165	\$ (5,835)
Green Fee Play	99,500	88,235	(11,265)
Merchandise Sales	12,431	8,342	(4,089)
<b>Total Operating Revenues</b>	<b>135,931</b>	<b>114,742</b>	<b>(21,189)</b>
<b>Nonoperating Revenues</b>			
Interest Earnings	-	23	23
<b>Total Nonoperating Revenues</b>	<b>-</b>	<b>23</b>	<b>23</b>
<b>Total Revenues</b>	<b>135,931</b>	<b>114,765</b>	<b>(21,166)</b>
<b>Expenditures</b>			
<b>Administration</b>			
Salaries and Wages	47,333	28,141	19,192
Employee Benefits	4,076	2,222	1,854
Operating Expenditures	28,600	22,104	6,496
<b>Total Administration</b>	<b>80,009</b>	<b>52,467</b>	<b>27,542</b>
<b>Maintenance</b>			
Salaries and Wages	69,497	72,031	(2,534)
Employee Benefits	27,716	23,646	4,070
Operating Expenditures	60,550	46,926	13,624
<b>Total Maintenance</b>	<b>157,763</b>	<b>142,603</b>	<b>15,160</b>
<b>Total Expenditures</b>	<b>237,772</b>	<b>195,070</b>	<b>42,702</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ (101,841)</b>	<b>\$ (80,305)</b>	<b>\$ 21,536</b>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 South Harbour Golf Course Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
Accommodations Tax	\$ 101,841	\$ 65,000	\$ (36,841)
Transfers out:			
Accommodations Tax	-	(122,000)	(122,000)
<b>Total Other Financing Sources (Uses)</b>	<b>101,841</b>	<b>(57,000)</b>	<b>(158,841)</b>
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>			
	-	(137,305)	(137,305)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
<b>Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>			
		\$ (137,305)	
Reconciling Items			
Depreciation		(9,802)	
(Increase) Decrease in Accrued Vacation Pay		5,192	
Deferred Outflows of Resources for Contributions Made to Pension Plan in Current Fiscal Year		4,995	
Pension Expense		(134)	
Total Reconciling Items		<u>251</u>	
<b>Change in Net Position</b>		<u>\$ (137,054)</u>	

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Sewer District Fund  
 Schedule of Revenues and Expenditures  
 Budget and Actual (Non-GAAP)  
 For the Fiscal Year Ended June 30, 2015

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Nonoperating Revenues</b>			
Sewer Distric Fees-Current	\$ 2,039,390	\$ 2,190,712	\$ 151,322
Sewer Distric Fees-Prior Years	40,000	101,620	61,620
Investment Earnings	400	154	(246)
<b>Total Nonoperating Revenues</b>	<b>2,079,790</b>	<b>2,292,486</b>	<b>212,696</b>
<b>Total Revenues</b>	<b>2,079,790</b>	<b>2,292,486</b>	<b>212,696</b>
<b>Expenditures</b>			
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue Over (Under) Expenditures</b>	<b>2,079,790</b>	<b>2,292,486</b>	<b>212,696</b>
<b>Other Financing Uses:</b>			
<b>Transfers Out:</b>			
Sewer Distric Fees-Current	(2,079,790)	(2,270,790)	(191,000)
<b>Revenue and Other Financing Sources Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 21,696</b>	<b>\$ 21,696</b>

## ***Other Schedules***

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**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions and Adjustments</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-15	\$ -	\$ 7,327,088	\$ 7,160,619	\$ 166,469
2013-14	290,661		196,207	94,454
2012-13	196,166	-	95,706	100,460
2011-12	156,684	-	74,806	81,878
2010-11	106,237	-	54,427	51,810
2009-10	61,475	-	37,356	24,119
2008-09	33,874	-	22,366	11,508
2007-08	15,641	-	7,933	7,708
2006-07	9,950	-	4,198	5,752
2005-06	8,864	-	2,329	6,535
	<u>\$ 879,552</u>	<u>\$ 7,327,088</u>	<u>\$ 7,655,947</u>	<u>550,693</u>

Less: Allowance for Uncollectible Accounts:  
 General Fund

85,152

Ad Valorem Taxes Receivable - Net

\$ 465,541

Reconcilement with Revenues

Ad Valorem Taxes - General Fund

\$ 7,626,159

Reconciling Items:

Interest and Penalties Collected

(176,477)

Taxes Written Off

206,265

Total Collections and Credits

\$ 7,655,947

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2015

	Town-Wide		Total Levy		
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property Taxed at					
Current Year's Rate	\$ 2,664,236,727	0.2750	\$ 7,326,651	\$ 7,122,616	\$ 204,035
Penalties			\$ 419	\$ 334	
	<u>\$ 2,664,236,727</u>	<u>0.2750</u>	<u>\$ 7,327,070</u>	<u>\$ 7,122,950</u>	<u>\$ 204,035</u>
<b>Discoveries:</b>					
Current Year Taxes	10,928,642	0.2750	\$ 30,054	30,054	-
<b>Abatements:</b>					
Property Taxes -					
Current Year's Rate	<u>(10,922,121)</u>	<u>0.2750</u>	<u>\$ (30,036)</u>	<u>(30,036)</u>	<u>-</u>
<b>Total Property Valuations</b>	<u><u>\$ 2,664,243,248</u></u>				
<b>Net Levy</b>			7,327,088	7,122,968	204,035
<b>Uncollected Taxes at June 30, 2014</b>			<u>(166,469)</u>	<u>(166,649)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u><u>\$ 7,160,619</u></u>	<u><u>\$ 6,956,319</u></u>	<u><u>\$ 204,035</u></u>
<b>Current Levy Collection Percentage</b>			<u><u>97.73%</u></u>	<u><u>97.66%</u></u>	<u><u>100.00%</u></u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Agency Fund  
 Statement of Changes in Assets and Liabilities  
 For the Fiscal Year Ended June 30, 2015

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	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b>Assets</b>				
Cash and Investments	\$ 16,570	\$ -	\$ 16,070	\$ 500
<b>Liabilities</b>				
Accounts Payable	\$ 16,570	\$ -	\$ 16,070	\$ 500

# Statistical Section

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**

## Net Position By Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	6,984,228	11,367,542	13,385,214	12,186,929
Restricted	562,671	3,525,983	1,201,767	2,554,360
Unrestricted	<u>9,751,755</u>	<u>5,691,674</u>	<u>5,787,309</u>	<u>7,477,697</u>
Total governmental activities net position	<u><u>17,298,654</u></u>	<u><u>20,585,199</u></u>	<u><u>20,374,290</u></u>	<u><u>22,218,986</u></u>
Business-type activities				
Invested in capital assets, net of related debt	13,312,018	13,346,979	17,144,378	18,522,970
Restricted	-	-		
Unrestricted	<u>1,167,800</u>	<u>1,605,437</u>	<u>(129,671)</u>	<u>(652,921)</u>
Total business-type activities net position	<u><u>14,479,818</u></u>	<u><u>14,952,416</u></u>	<u><u>17,014,707</u></u>	<u><u>17,870,049</u></u>
Primary government				
Invested in capital assets, net of related debt	20,296,246	24,714,521	30,529,592	30,709,899
Restricted	562,671	3,525,983	1,201,767	2,554,360
Unrestricted	<u>10,919,555</u>	<u>7,297,111</u>	<u>5,657,638</u>	<u>6,824,776</u>
Total primary government net position	<u><u>31,778,472</u></u>	<u><u>35,537,615</u></u>	<u><u>37,388,997</u></u>	<u><u>40,089,035</u></u>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
16,607,639	17,522,549	18,239,987	18,669,603	18,743,833	18,515,755
2,738,128	6,567,058	5,288,746	6,355,004	6,816,053	6,478,048
5,111,876	2,828,017	3,240,343	4,280,053	6,213,562	8,238,462
<u>24,457,643</u>	<u>26,917,624</u>	<u>26,769,076</u>	<u>29,304,660</u>	<u>31,773,448</u>	<u>33,232,265</u>
28,836,777	22,390,247	22,380,413	21,260,926	21,175,561	21,789,047
	30,693,040	20,509,542	20,922,210	20,922,210	18,617,616
<u>(4,794,831)</u>	<u>(2,122,361)</u>	<u>4,560,440</u>	<u>3,103,347</u>	<u>2,794,452</u>	<u>5,283,646</u>
<u>24,041,946</u>	<u>50,960,926</u>	<u>47,450,395</u>	<u>45,286,483</u>	<u>44,892,223</u>	<u>45,690,309</u>
45,444,416	39,912,796	40,620,400	39,930,529	39,919,394	40,304,802
2,738,128	37,260,098	25,798,288	27,277,214	27,738,263	25,095,664
317,045	705,656	7,800,783	7,383,400	9,008,014	13,522,108
<u>48,499,589</u>	<u>77,878,550</u>	<u>74,219,471</u>	<u>74,591,143</u>	<u>76,665,671</u>	<u>78,922,574</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>				
Governmental activities:				
General Government	2,536,890	2,656,802	2,543,281	2,609,454
Public Safety	3,361,638	4,140,542	4,460,532	4,865,023
Transportation	1,105,765	963,276	1,124,923	1,091,194
Environmental Protection	621,421	1,638,627	913,861	168,901
Cultural and Recreation	1,854,788	1,046,713	1,103,879	1,251,666
Interest on long-term debt	51,989	278,218	100,775	348,881
Total governmental activities expenses	<u>9,532,491</u>	<u>10,724,178</u>	<u>10,247,251</u>	<u>10,335,119</u>
Business-type activities:				
Water	2,060,316	2,030,019	2,268,926	2,306,039
Wastewater	614,162	749,095	847,312	877,710
Solid Waste	723,015	684,144	751,182	828,169
Golf Course	-	244,545	251,594	251,971
Total business-type activities expenses:	<u>3,397,493</u>	<u>3,707,803</u>	<u>4,119,014</u>	<u>4,263,889</u>
Total primary government expenses	<u>12,929,984</u>	<u>14,431,981</u>	<u>14,366,265</u>	<u>14,599,008</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges of services:				
General Government	209,562	1,050	1,999	1,290
Public Safety	976,032	943,087	902,128	1,389,593
Transportation	49,134	(4,382)	-	-
Environmental Protection	1,481,070	23,082	310,884	273,169
Cultural and Recreation	198,788	617,276	123,270	134,658
Operating grants and contributions	447,792	1,324,283	491,894	593,557
Capital grants and contributions	422,312	303,480	322,534	1,033,792
Total governmental activities program revenue	<u>3,784,690</u>	<u>3,207,876</u>	<u>2,152,709</u>	<u>3,426,059</u>
Business-type activities:				
Charges of services:				
Water	1,954,676	2,213,385	2,516,987	2,775,465
Wastewater	679,317	743,500	745,123	847,739
Solid Waste	645,971	660,241	747,861	836,354
Golf Course	-	118,655	160,400	129,705
Operating grants and contributions	-	-	-	48,574
Capital grants and contributions	3,990	-	1,560,049	38,616
Total business-type activities program revenue	<u>3,283,954</u>	<u>3,735,781</u>	<u>5,730,420</u>	<u>4,676,453</u>
Total primary government program revenues	<u>7,068,644</u>	<u>6,943,657</u>	<u>7,883,129</u>	<u>8,102,512</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(5,747,801)	(7,516,302)	(8,094,542)	(6,909,060)
Business-type activities	(113,539)	27,978	1,611,406	412,564
<b>Total primary government net revenue</b>	<u>(5,861,340)</u>	<u>(7,488,324)</u>	<u>(6,483,136)</u>	<u>(6,496,496)</u>

(Continued on next page)

Table 1

2010	2011	2012	2013	2014	2015
2,818,584	2,778,225	2,736,767	3,129,366	2,797,601	2,447,635
5,708,808	5,627,760	5,466,506	4,458,998	4,348,192	4,486,670
1,220,894	1,175,304	2,596,254	930,438	1,675,984	1,847,906
201,611	186,828	226,484	23,831	156,499	143,027
1,327,630	1,260,386	1,264,960	1,108,161	1,006,435	4,390,206
547,956	654,795	600,751	550,489	471,343	515,501
<u>11,825,483</u>	<u>11,683,298</u>	<u>12,891,722</u>	<u>10,201,283</u>	<u>10,456,054</u>	<u>13,830,945</u>
2,360,243	2,384,420	2,400,664	1,655,847	1,852,484	1,922,893
1,305,677	9,135,515	13,052,025	12,800,557	12,756,238	12,853,774
857,941	927,608	1,004,513	914,958	896,411	1,055,665
256,183	258,018	246,743	207,432	205,132	194,819
<u>4,780,044</u>	<u>12,705,561</u>	<u>16,703,945</u>	<u>15,578,794</u>	<u>15,710,265</u>	<u>16,027,151</u>
<u>16,605,527</u>	<u>24,388,859</u>	<u>29,595,667</u>	<u>25,780,077</u>	<u>26,166,319</u>	<u>29,858,096</u>
260,452	286,690	245,924	233,974	354,336	796,887
1,426,437	1,551,164	1,447,452	1,381,941	1,072,612	1,560,975
-	-	-	-	0	0
268,250	266,223	271,142	276,893	348,804	198,002
142,649	124,152	145,861	162,849	120,742	2,317,941
674,770	785,599	629,907	411,336	354,166	309,095
3,615,699	129,225	16,236	1,441	1,822	8,020
<u>6,388,257</u>	<u>3,143,053</u>	<u>2,756,522</u>	<u>2,468,434</u>	<u>2,252,482</u>	<u>5,190,920</u>
2,869,997	3,194,533	3,116,147	3,168,232	3,512,854	4,145,086
876,112	2,206,517	5,664,011	6,425,573	7,325,872	8,500,771
847,213	847,437	845,919	862,931	922,232	949,762
131,266	132,919	135,714	123,993	125,185	114,742
5,715	5,825	49,909	3,872	4,246	4,574
4,862,482	34,194,519	3,240,574	3,787,571	3,493,407	3,255,066
<u>9,592,785</u>	<u>40,581,750</u>	<u>13,052,274</u>	<u>14,372,172</u>	<u>15,383,796</u>	<u>16,970,001</u>
<u>15,981,042</u>	<u>43,724,803</u>	<u>15,808,796</u>	<u>16,840,606</u>	<u>17,636,278</u>	<u>22,160,921</u>
(5,437,226)	(8,540,245)	(10,135,200)	(7,732,849)	(8,203,572)	(8,640,025)
<u>4,812,741</u>	<u>27,876,189</u>	<u>(3,651,671)</u>	<u>(1,206,622)</u>	<u>(326,469)</u>	<u>942,850</u>
<u>(624,485)</u>	<u>19,335,944</u>	<u>(13,786,871)</u>	<u>(8,939,471)</u>	<u>(8,530,041)</u>	<u>(7,697,175)</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	4,773,346	4,972,207	5,299,352	5,981,663
Local option sales tax	1,825,885	2,005,558	1,967,505	1,802,031
Accommodation Tax	789,577	936,253	964,054	930,170
Other Taxes	-	-	-	-
Grants and contributions not restricted	632,706	726,866	727,434	791,850
Unrestricted investment earnings	323,328	645,011	158,552	68,872
Miscellaneous	-	18,009	36,269	6,926
Law Suit Settlement				
Gain (loss) on sale of assets	-	-	7,500	(240,090)
Extraordinary item-environmental remediation	-	-	(738,561)	(192,741)
Special Items	-	-	-	-
Transfers in (out)	184,378	(319,644)	(347,552)	(394,925)
Total governmental activities	<u>8,529,220</u>	<u>8,984,260</u>	<u>8,074,553</u>	<u>8,753,756</u>
Business-type activities:				
Interest and investment earnings	130,444	124,530	103,333	47,853
Miscellaneous	160,497	-	-	-
Gain on sale of assets	-	446	-	-
Transfers in (out)	(184,378)	319,644	347,552	394,925
Total business-type activities	<u>106,563</u>	<u>444,620</u>	<u>450,885</u>	<u>442,778</u>
Total primary government	<u>8,635,783</u>	<u>9,428,880</u>	<u>8,525,438</u>	<u>9,196,534</u>
<b>Changes in Net Position</b>				
Governmental activities	2,781,419	1,467,958	(19,989)	1,844,696
Business-type activities	(6,976)	472,598	2,062,291	855,342
Total primary government	<u>2,774,443</u>	<u>1,940,556</u>	<u>2,042,302</u>	<u>2,700,038</u>

Table 2

2010	2011	2012	2013	2014	2015
5,928,590	6,699,824	6,866,837	7,016,323	6,812,760	7,284,500
1,640,696	1,639,858	1,458,619	1,476,163	1,531,327	1,687,594
887,478	950,143	1,068,434	1,128,868	1,166,651	1,284,187
-	-	48,303	12,059	62,711	-
581,317	65,128	613,268	616,694	660,137	-
14,201	610,523	7,701	5,225	3,594	2,742
63,305	15,586	83,571	93,101	172,239	270,734
-	62,481	-	-	625,000	-
(90,404)	(21,022)	(33,081)	-	-	-
-	-	-	-	(292,059)	(5,356)
(1,349,300)	977,705	(127,000)	(80,000)	(70,000)	(242,163)
<u>7,675,883</u>	<u>11,000,226</u>	<u>9,986,652</u>	<u>10,268,433</u>	<u>10,672,360</u>	<u>10,282,238</u>
9,856	20,496	14,140	18,119	6,617	5,379
-	-	-	-	4,491	4,702
-	-	-	-	-	-
1,349,300	(977,705)	127,000	80,000	70,000	(107,000)
<u>1,359,156</u>	<u>(957,209)</u>	<u>141,140</u>	<u>98,119</u>	<u>81,108</u>	<u>(96,919)</u>
<u>9,035,039</u>	<u>10,043,017</u>	<u>10,127,792</u>	<u>10,366,552</u>	<u>10,753,468</u>	<u>10,185,319</u>
2,238,657	2,459,981	(148,548)	2,535,584	2,468,788	1,642,213
6,171,897	26,918,980	(3,510,531)	(1,108,503)	(245,361)	845,931
<u>8,410,554</u>	<u>29,378,961</u>	<u>(3,659,079)</u>	<u>1,427,081</u>	<u>2,223,427</u>	<u>2,488,144</u>

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	1,321,411	1,507,673	3,039,927	3,309,170
Unreserved				
Designated	-	189,241	40,867	715,079
Undesignated	4,283,868	3,554,482	2,283,143	2,684,359
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>5,605,279</u>	<u>5,251,396</u>	<u>5,363,937</u>	<u>6,708,608</u>
All Other Governmental Funds				
Reserved	300,101	3,132,151	254,575	315,801
Unreserved, reported in:				
Special Revenue Funds	1,331,246	2,305,284	3,462,467	3,616,626
Capital Projects Funds	744,217	318,863	1,725,379	3,863,103
Non-Spendable in Special Revenue Funds	-	-	-	-
Restricted in Special Revenue Funds	-	-	-	-
Committed in Capital Projects Funds	-	-	-	-
Total all other governmental funds	<u>2,375,564</u>	<u>5,756,298</u>	<u>5,442,421</u>	<u>7,795,530</u>
Total governmental funds	<u><u>7,980,843</u></u>	<u><u>11,007,694</u></u>	<u><u>10,806,358</u></u>	<u><u>14,504,138</u></u>

2010	2011	2012	2013	2014	2015
3,121,360	-	-	-	-	-
-	-	-	-	-	-
2,549,135	-	-	-	-	-
-	33,756	25,457	12,972	26,712	577,803
-	3,058,316	1,381,631	1,594,929	1,399,510	231,413
-	424,667	425,139	425,432	425,432	435,714
-	388,199	-	-	-	-
-	2,668,659	3,372,614	4,307,979	6,031,718	8,238,462
<u>5,670,495</u>	<u>6,573,597</u>	<u>5,204,841</u>	<u>6,341,312</u>	<u>7,883,372</u>	<u>9,483,392</u>
318,271	-	-	-	-	-
3,142,790	-	-	-	-	-
470,366	-	-	-	-	-
-	55,435	56,163	56,163	56,163	-
-	3,453,307	3,850,952	4,771,566	5,416,543	5,233,118
-	536,664	421,564	385,389	385,881	-
<u>3,931,427</u>	<u>4,045,406</u>	<u>4,328,679</u>	<u>5,213,118</u>	<u>5,858,587</u>	<u>5,233,118</u>
<u>9,601,922</u>	<u>10,619,003</u>	<u>9,533,520</u>	<u>11,554,430</u>	<u>13,741,959</u>	<u>14,716,510</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>				
Ad valorem taxes	4,763,084	4,963,214	5,306,256	5,833,628
Other taxes and licenses	2,766,128	3,134,220	3,115,973	2,740,787
Unrestricted intergovernmental	489,880	542,779	559,452	791,850
Restricted intergovernmental	1,428,574	1,508,878	1,132,564	3,291,287
Permits and fees	391,457	316,213	212,613	165,901
Sales and services	486,021	366,541	388,682	430,006
Investment earnings	323,328	645,011	436,062	163,029
Miscellaneous	1,371,017	760,016	225,457	62,244
<b>Total revenues</b>	<u>12,019,489</u>	<u>12,236,872</u>	<u>11,377,059</u>	<u>13,478,732</u>
<b>Expenditures</b>				
General Government	3,912,780	4,826,238	2,827,219	5,159,304
Public Safety	3,541,059	6,440,734	9,782,918	8,798,376
Transportation	1,188,093	1,079,222	1,043,830	1,164,819
Environmental protection	611,311	1,627,464	916,103	155,129
Cultural and recreational	2,076,395	1,367,281	1,244,600	1,170,426
Debt Service:				
Interest	47,646	84,298	275,353	241,949
Principal	344,175	508,296	912,311	914,239
<b>Total expenditures</b>	<u>11,721,459</u>	<u>15,933,533</u>	<u>17,002,334</u>	<u>17,604,242</u>
Excess of revenues over (under) expenditures	298,030	(3,696,661)	(5,625,275)	(4,125,510)
<b>Other Financing</b>				
<b>Sources (Uses)</b>				
Debt Issuances	1,409,749	5,151,000	5,721,000	8,218,215
Transfers in	1,643,500	1,498,925	1,310,072	1,526,522
Transfers Out	(1,459,122)	(1,818,569)	(1,607,133)	(1,921,447)
Special Items	-	-	-	-
Sale of Capital Assets	-	-	-	-
<b>Total other financing</b>	<u>1,594,127</u>	<u>4,831,356</u>	<u>5,423,939</u>	<u>7,823,290</u>
sources (uses)				
<b>Net change in fund balances</b>	<u>1,892,157</u>	<u>1,134,695</u>	<u>(201,336)</u>	<u>3,697,780</u>
Capital outlay included in total expenditures	<u>3,897,623</u>	<u>7,068,528</u>	<u>5,719,117</u>	<u>7,058,008</u>
Debt service as a percentage of noncapital expenditures	5.0%	6.7%	10.5%	11.0%

2010	2011	2012	2013	2014	2015
5,942,136	6,505,967	6,735,314	6,890,355	7,031,553	7,626,159
2,533,834	2,632,584	2,571,414	2,649,447	2,717,387	2,977,147
581,317	610,523	613,268	616,694	660,137	796,887
1,908,855	2,032,749	1,717,301	1,439,435	1,396,215	3,502,037
189,532	335,236	293,638	297,489	348,334	405,913
635,174	632,458	613,350	623,556	510,718	464,172
29,465	19,301	9,795	6,683	3,594	2,742
224,287	164,816	280,752	165,581	782,957	180,395
<u>12,044,600</u>	<u>12,933,634</u>	<u>12,834,832</u>	<u>12,689,240</u>	<u>13,450,895</u>	<u>15,955,452</u>
5,662,558	2,635,942	2,565,883	2,872,851	2,628,089	2,398,394
5,228,736	5,190,729	5,519,623	3,934,916	3,763,473	4,222,273
1,063,382	1,099,366	2,445,600	802,832	1,534,817	1,730,833
186,713	171,984	211,712	120,781	138,990	134,960
1,185,947	1,203,127	1,070,600	858,003	755,862	4,164,295
719,169	752,320	655,200	596,245	539,172	514,707
<u>1,551,011</u>	<u>1,928,790</u>	<u>1,642,697</u>	<u>1,402,702</u>	<u>1,555,186</u>	<u>1,682,906</u>
<u>15,597,516</u>	<u>12,982,258</u>	<u>14,111,315</u>	<u>10,588,330</u>	<u>10,915,589</u>	<u>14,848,368</u>
(3,552,916)	(48,624)	(1,276,483)	2,100,910	2,535,306	1,107,084
-	88,000	318,000	-	-	-
1,368,766	3,695,659	360,078	-	2,929,959	617,968
(2,718,066)	(2,717,954)	(487,078)	(80,000)	(2,999,959)	(860,131)
-	-	-	-	(292,059)	(5,356)
-	-	-	-	14,282	112,250
<u>(1,349,300)</u>	<u>1,065,705</u>	<u>191,000</u>	<u>(80,000)</u>	<u>(347,777)</u>	<u>(135,269)</u>
<u>(4,902,216)</u>	<u>1,017,081</u>	<u>(1,085,483)</u>	<u>2,020,910</u>	<u>2,187,529</u>	<u>971,815</u>
<u>3,332,698</u>	<u>579,263</u>	<u>745,806</u>	<u>185,009</u>	<u>56,476</u>	<u>207,953</u>
18.5%	21.6%	17.2%	19.2%	19.3%	15.0%

**TOWN OF OAK ISLAND, NORTH CAROLINA**

## Governmental Activities Tax Revenue By Source

Last Ten Fiscal Years

(Accrual Basis of Accounting)

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Fiscal Year Ended June 30	Property Tax	Sales Tax	Occupancy Tax	Franchise Tax	Video Programming Tax	Alcohol Beverage Tax	Total
2006	4,763,084	1,825,885	789,577	485,462	0	32,548	7,896,556
2007	4,963,214	2,005,558	936,253	549,818	0	34,845	8,489,688
2008	5,306,256	1,967,505	964,154	359,803	153,994	37,280	8,788,992
2009	5,833,628	1,802,031	930,170	415,512	191,626	37,100	9,210,067
2010	5,942,136	1,640,696	887,658	441,436	187,180	11,961	9,111,067
2011	6,505,967	1,639,858	950,143	466,017	192,221	37,877	9,792,083
2012	6,866,837	1,458,619	1,068,434	381,608	157,974	29,593	9,963,065
2013	6,890,355	1,520,579	1,128,868	421,555	153,897	27,754	10,143,008
2014	7,031,553	1,531,327	1,166,651	440,598	153,498	30,401	10,354,028
2015	7,626,159	1,691,355	770,603	541,157	115,489	33,805	10,778,568

Note: During FY 07-08, Franchise Fees were eliminated by the State and replaced by the Video Programming Tax.

**TOWN OF OAK ISLAND, NORTH CAROLINA**

## Assessed Value and Estimated Actual Value of Taxable Property

## Last Ten Fiscal Years

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Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Motor Vehicles	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	1,347,859,840	17,222,164	12,946,463	66,808,965	2,778,038	1,442,059,394	0.3300
2007	1,403,618,416	17,735,723	15,003,707	66,582,294	2,196,822	1,500,743,318	0.3300
2008	4,095,479,230	26,453,402	16,649,108	64,269,743	6,998,541	4,195,852,942	0.1245
2009	4,147,111,229	26,043,527	17,175,781	60,612,679	9,172,173	4,241,771,043	0.1400
2010	4,180,139,988	27,063,889	16,788,818	55,585,536	10,002,490	4,269,575,741	0.1400
2011	4,189,866,332	39,721,852	17,141,597	54,725,092	11,008,727	4,290,446,146	0.1550
2012	2,399,746,526	24,372,523	17,024,122	57,466,173	7,987,556	2,490,621,788	0.2750
2013	2,449,726,454	19,158,930	16,672,444	60,055,636	11,123,655	2,534,489,809	0.2750
2014	2,487,456,775	11,964,755	15,860,319	85,781,004	10,922,121	2,590,140,732	0.2750
2015	2,562,328,870	22,453,252	16,431,960	74,194,545	11,171,900	2,664,236,727	0.2750

Source: Town's Tax Department

**TOWN OF OAK ISLAND, NORTH CAROLINA**

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (Rate per \$100 of Assessed Value)

Fiscal Year Ended June 30,	Town of Oak Island			Overlapping Rates		Total Direct & Overlapping Rates
	Operating Rate	Debt Service Rate	Total Town Rate	Brunswick County	Smithville Township	
2006	0.30283	0.02717	0.3300	0.4425	0.0400	0.8125
2007	0.29051	0.03949	0.3300	0.4425	0.0400	0.8125
2008	0.09619	0.02831	0.1245	0.3050	0.0225	0.4520
2009	0.11272	0.02728	0.1400	0.3050	0.0225	0.4675
2010	0.08679	0.05321	0.1400	0.3050	0.0225	0.4675
2011	0.09247	0.06253	0.1550	0.3050	0.0400	0.5000
2012	0.18248	0.09252	0.2750	0.5400	0.0400	0.8550
2013	0.19620	0.07880	0.2750	0.5400	0.0400	0.8550
2014	0.19414	0.08086	0.2750	0.5400	0.0400	0.8550
2015	0.19254	0.08246	0.2750	0.5400	0.0400	0.8550

## Notes:

(1) Property is revalued every four years. Property was revalued in January 1999, 2003, 2007 and 2011 and will be revalued in 2015.

(2) The property tax rates listed above are based on unit-wide tax rates. Certain motor vehicles were taxed at the preceding year's rate.

(3) Overlapping rates are those of local and county governments that apply to property owners with the Town of Oak Island. Not all overlapping rates apply to all Town of Oak Island property owners (e.g. the rates for the Smithville Township apply only to the town's property owners whose property is located within the geographic boundaries of the Smithville Township).

(4) The Smithville Township is a hospital district. The levy collected is specific for debt retirement and capital improvements.

(5) Components of the Overlapping Rates are not available

Source: Town of Oak Island and Brunswick County Tax Department

**TOWN OF OAK ISLAND, NORTH CAROLINA**

## Property Tax Levies and Collections

## Last Ten Fiscal Years

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Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
		Amount	% of Levy		Amount	% of Levy	
2006	4,742,288	4,646,056	97.97%	87,348	4,733,404	99.81%	8,884
2007	4,944,595	4,857,815	98.24%	76,810	4,934,625	99.80%	9,970
2008	5,274,322	5,147,268	97.59%	111,393	5,258,661	99.70%	15,661
2009	5,931,901	5,698,669	96.07%	199,349	5,898,018	99.43%	33,883
2010	5,973,528	5,743,851	96.16%	168,192	5,912,043	98.97%	61,485
2011	6,645,496	6,314,365	95.02%	224,885	6,539,250	98.40%	106,246
2012	6,830,366	6,510,859	95.32%	162,823	6,673,682	97.71%	156,684
2013	6,971,984	6,629,931	95.09%	145,887	6,775,818	97.19%	196,166
2014	7,120,396	6,829,735	95.92%	196,207	7,025,942	98.67%	94,454
2015	7,327,088	7,160,619	97.73%		7,160,619	97.73%	166,469

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Principal Property Tax Payers  
Current Year and Five Years Ago

Taxpayer	Types of Property	Fiscal Year 2014		Fiscal Year 2005		Fiscal Year 2005	
		2014 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	2005 Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Brunswick Electric Membership Corp	Utility	14,138,576	1	0.53%	12,739,291	2	0.31%
DWE III LLC& Ladane Enterprises	Developer	10,239,440	2	0.38%			
Capel Jesse Etals	Residential	6,665,416	3	0.25%	10,000,000	3	0.24%
DWE II LLC	Developer	2,860,470	4	0.11%			
Food Lion LLC	Commercial/Retail	2,737,674	5	0.10%	3,277,680	6	0.08%
Oak Island Property Holdings LLC	Residential	2,572,500	6	0.10%	3,087,000	8	0.08%
Pacula Family Revocable Living Trust	Residential	2,368,270	7	0.09%			
Personal Jet Group LLC	Airplane	2,280,000	8	0.09%			
St. James Plantation Property Owners	Residential	2,175,986	9	0.08%			
Time Warner Calbe SE	Utility	1,979,488	10	0.07%			
Preserve Holdings	Residential				15,489,610	1	0.38%
Vereen. Susan Trustee	Commercial & Residential				3,043,290	10	0.07%
Mickey, Carl	Residential				5,479,000	4	0.13%
Bellsouth Communications	Utility				4,139,679	5	0.10%
Air Travel, LLC	Airplane				3,200,000	7	0.08%
Wrenn, Christopher B. Etux Allison	Commercial & Residential				3,060,000	9	0.07%
		<u>48,017,820</u>		<u>1.80%</u>	<u>63,515,550</u>		<u>1.54%</u>

Source: Town's Tax Department

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities				Total Primary Government	Ratio	
	Installment	Capital	Installment	Revenue	State	Capital		Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	Purchases	Leases	Purchases	Notes & Bonds	Revolving Loan Fund	Lease			
2006	1,617,156	642,820	2,833,423	1,263,790	-	156,702	6,513,891	0.27%	845
2007	6,378,511	524,169	4,714,156	1,105,816	-	40,432	12,763,084	0.48%	1,577
2008	11,311,227	400,142	819,272	33,987,842	-	62,735	46,581,218	1.60%	5,639
2009	17,949,723	1,065,622	744,573	83,372,526	6,510,920	-	109,643,364	3.23%	13,075
2010	16,506,893	957,441	666,237	82,489,298	10,766,911	-	111,386,780	3.33%	16,421
2011	14,777,319	846,226	584,086	92,133,921	11,116,037	-	119,457,589	3.43%	17,490
2012	13,317,801	981,046	497,933	90,945,948	12,604,726	-	118,347,454	3.22%	16,900
2013	12,097,885	798,259	407,586	88,617,974	12,008,450	-	113,930,154	2.92%	16,379
2014	10,877,969	462,990	312,838	86,226,777	11,398,628	-	109,279,202		N/A
2015	9,658,053		213,476	83,856,303	10,774,948	-	104,502,780		14,228

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

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Direct and Underlying Governmental Activities Debt

As of June 30, 2015

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Brunswick County's general obligation debt	57,895,000	13.40%	7,757,930
Town of Oak Island direct debt	9,658,053	100.00%	<u>9,658,053</u>
<b>Total direct and overlapping debt</b>			<u>\$ 17,415,983</u>

Source: County Debt Outstanding and Estimated Percentage Applicable to Town provided by Brunswick County Finance

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Legal Debt Margin  
As of June 30, 2015

Fiscal Year Ended June 30	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Total Debt as a Percentage of Debt Limit
2006	115,364,752	2,259,976	113,104,777	1.96%
2007	120,128,827	6,902,679	113,226,148	5.75%
2008	335,668,235	11,711,369	323,956,866	3.49%
2009	339,341,683	19,015,351	320,326,332	5.60%
2010	341,566,059	17,464,334	324,101,725	5.11%
2011	343,632,700	15,623,544	328,009,156	4.55%
2012	199,249,743	14,298,846	184,950,897	7.18%
2013	214,951,330	12,896,145	202,055,185	6.00%
2014	200,832,130	11,340,958	189,491,172	5.65%
2015	213,139,460	9,658,053	203,481,407	4.53%

**Calculation of Legal Debt Margin for Fiscal Year 2014**

Assessed value of taxable property	2,664,236,727
	<u>x0.08</u>
Debt limit- (8 % of assessed value)	213,138,938
Debt applicable to limit:	
Total installment purchases	9,658,053
Total capital leases	<u>-</u>
Total amount of debt applicable to debt limit (net debt)	<u>9,658,053</u>
Legal debt margin	<u><u>203,480,885</u></u>

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**

**Pledged Revenue Coverage**

**Last Seven Fiscal Years**

Fiscal Year Ended June 30	Enterprise Funds				All Enterprise Parity Debt			Total Other System Indebtness		
	Operating and Non-operating Revenue	Operating Expenses Less Depreciation	Sewer District Fee Revenue	Net Available Revenue	Principal	Interest	Total	Principal	Interest	Total
	2009	3,667,735	2,767,342	-	900,393	232,672	73,737	306,409	-	-
2010	3,754,856	2,818,573	585,979	1,522,262	720,000	1,183,156	1,903,156	686,310	287,673	973,983
2011	11,517,674	6,446,729	443,102	5,514,047	750,000	2,985,650	3,735,650	978,290	381,270	1,359,560
2012	14,338,243	7,080,777	496,361	7,753,827	1,030,000	4,699,406	5,729,406	697,147	283,323	980,470
2013	13,242,439	6,104,613	1,968,750	9,106,576	2,170,000	4,659,907	6,829,907	986,496	323,133	1,309,629
2014	13,568,869	6,558,787	2,004,788	9,014,870	2,260,000	4,576,933	6,836,933	1,004,443	299,547	1,303,990
2015	13,200,321	6,574,254	2,292,332	10,818,399	3,073,041	3,756,697	6,829,738	723,042	275,436	998,478

Required Coverage:

Fiscal Year Ended June 30	Net Available Revenue	15% Unrestricted Net Assets	Total Available Revenue	Total Debt Service	20% Parity Debt Service	Total + 20% Parity Debt	Coverage 100% Parity	120% Parity
2009	900,393	265,924	1,166,317	306,409	0	306,409	2.94	3.81
2010	1,522,262	342,008	1,864,270	2,877,139	380,631	3,257,770	0.53	0.57
2011	5,514,047	343,458	5,857,505	5,095,210	747,130	5,842,340	1.08	1.00
2012	7,753,827	568,061	8,321,888	6,709,876	1,145,881	7,855,757	1.16	1.06
2013	9,106,576	490,670	9,597,246	8,139,536	1,365,981	9,505,517	1.12	1.01
2014	9,014,870	776,269	9,791,139	8,140,923	1,367,387	9,508,309	1.11	1.03
2015	10,818,399	776,269	11,594,668	7,828,216	1,365,948	9,194,164	1.38	1.26

Notes:

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

**TOWN OF OAK ISLAND, NORTH CAROLINA**

## Demographic and Economic Stats

Last Ten Fiscal Years

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Fiscal Year Ended June 30	Population <sup>(2)</sup>	Personal Income <sup>(1)</sup> (in thousands)	Per Capita Income <sup>(1)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(1)</sup>
2006	7,711	2,440,703	27,645	44.1	769	4.1%
2007	8,093	2,683,411	28,585	48.7	769	4.7%
2008	8,261	2,907,482	29,379	45.0	769	6.1%
2009	8,386	3,394,034	32,255	47.7	769	11.0%
2010	6,783	3,347,269	30,973	47.7	769	10.2%
2011	6,830	3,482,031	31,615	48.0	769	10.3%
2012	7,003	3,674,444	32,628	48.4	769	10.3%
2013	6,956	3,899,674	33,715	48.8	769	9.1%
2014	7,088	N/A	N/A	49.3	769	6.9%
2015	7,345	N/A	30,462	51.4	769	6.8%

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

*Source:*<sup>(1)</sup> Brunswick County Finance Department<sup>(2)</sup> Office of State Budget and Management<sup>(3)</sup> State Data Center, 2010 Census Data

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
Principal Employers for Brunswick County  
Current and Nine Years Ago

Name of Employer	Type of Business	Fiscal Year 2015			Fiscal Year 2006		
		Number of	Rank	Percentage of Total County Employment	Number of	Rank	Percentage of Total County Employment
		Employees			Employees		
Brunswick County Board of Education	Education	1,947	1	3.71%	1,650	1	3.44%
County of Brunswick	Local Government	1,035	2	1.97%	903	3	1.89%
Wal-Mart Associates, Inc.	Retail	932	3	1.78%	750	4	1.57%
Duke Energy	Utility	850	4	1.62%	1,050	2	2.19%
Brunswick Novant Medical	Medical Care Facility	700	5	1.33%	426	5	0.89%
Food Lion, Inc.	Grocery	520	6	0.99%	372	7	0.79%
Brunswick Community College	Education	481	7	0.92%	N/A	N/A	N/A
Lowe's Food	Grocery	409	8	0.78%	N/A	N/A	N/A
Dosher Memorial Hospital	Medical Care Facility	364	9	0.69%	N/A		N/A
McAnderson's Inc.	Restaurant Chain	350	10	0.67%	N/A	N/A	N/A
DAK Americas	Dacron Polyester Fiber	N/A		N/A	377	6	0.79%
Rampage	Yacht Manufacture	N/A		N/A	357	8	0.75%
Victaulic Company of America	Pipe Fittings & Seals	N/A		N/A	343	9	0.72%
Bald Head Island LP	Financial Activites	N/A		N/A	315	10	0.66%
<b>Totals</b>		<b>7,588</b>		<b>14.46%</b>	<b>6,543</b>		<b>13.69%</b>

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

Source: Brunswick County Finance Department

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Full-time Equivalent Town Government Employees by Function  
 Last Ten Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	12	12	13	12	14	16	16	16	16	17
Public Safety										
Police	24	25	25	26	26	25	25	23	23	23
Communications	4	4	6	6	6	6	4	0	0	0
Animal Control	1	2	2	2	2	2	2	2	2	2
Fire	3	7	13	19	20	19	20	21	22	22
Development Services	10	11	11	12	12	11	8	6	6	7
Public Works	2	2	2	2	2	4	2	2	2	2
Fleet Maintenance	3	3	4	4	4	3	3	2	2	2
Building and Ground	8	9	10	9	6	8	9	9	4	4
Street Department	8	8	8	8	8	7	7	5	5	5
Cultural and Recreation	8	9	13	10	10	9	7	6	4	4
Utility										
Water	10	11	13	12	12	12	10	9	9	9
Sewer	4	4	4	4	4	7	7	7	7	11
Solid Waste	4	4	4	4	4	4	4	4	4	4
Stormwater	1	1	1	1	1	1	1	2	2	2
Golf Course	0	2	5	2	2	2	2	2	2	2
Capital Projects	1	1	4	5	5	0	0	0	0	0
<b>Total</b>	<b>103</b>	<b>115</b>	<b>138</b>	<b>138</b>	<b>138</b>	<b>136</b>	<b>127</b>	<b>116</b>	<b>110</b>	<b>116</b>

Source: Town's human resource department

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Operating Indicators by Function

Last Ten Years

Function	2006	2007	2008	2009	2010
<b>Public Safety</b>					
<b>Police</b>					
Number of calls dispatched <sup>(1)</sup>	3,007	5,314	7,224	10,565	12,042
Number of physical arrests	369	350	267	269	301
Number of violations	2,631	2,404	1,561	2,422	2,070
<b>Fire</b>					
Number of Fire runs	112	121	208	228	249
Number of EMS and Rescue runs <sup>(2)</sup>	70	260	816	863	945
<b>Code Enforcement/Building permits</b>					
Number of building permits	1,171	1,105	1,377	1,153	2,184
Number of inspections	12,860	16,615	11,372	10,392	8,532
<b>Transportation</b>					
<b>Streets</b>					
New streets paved (miles)	0	0.18	0.00	0.00	0.00
Streets resurfaced (miles)	0	1.04	0.00	0.00	0.00
<b>Environmental Protection</b>					
<b>Sanitation</b>					
Refuse collected (tons)	3,100	3,100	3,150	3,200	4,000
Bulky/Brush collected (tons)	2,000	2,000	2,080	2,250	2,300
Recyclables collected (tons)	560	600	620	625	650
<b>Cultural and Recreation</b>					
<b>Number of Participants:</b>					
weight fitness program	21,986	23,894	23,969	24,023	22,624
Fitness class	3,817	4,411	3,568	5,235	5,990
Athletic program	10,003	12,421	12,062	12,644	11,549
Teen program	3,961	3,835	5,884	5,420	4,234
Community Center program	7,550	7,066	7,784	1,933	7,834
Skate Park	1,579	2,209	2,174	2,189	1,625
Number of Ocean Education Center	987	1,575	1,178	2,341	2,151
Number of Nature Center participants	2,617	4,281	3,351	4,058	3,664
Number of paid golf course rounds played	0	11,161	11,844	11,373	17,832
Number of youth and miscellaneous program participants	N/A	N/A	N/A	3,903	4,884
<b>Water</b>					
Number of water customers	7,718	7,822	7,867	8,203	8,236
Average daily water consumption (gallons)	978,000	1,101,976	1,017,788	893,941	878,257
<b>Wastewater</b>					
Number of sewer customers	859	884	906	925	929
Sewer average daily treatment (gallons)	141,084	156,530	125,062	148,335	145,425

Notes:

<sup>(1)</sup>The Town implemented the 911 Communication System in Fiscal Year 2007. It turned over these operations to the County in September of 2012.

<sup>(2)</sup>EMS service was turned over to Brunswick County in Fiscal Year 2005 then reverted back to Town in 2006.

Source: Various Town Departments

2011	2012	2013	2014	2015
12,620	11,741	10,029	10,332	10,616
331	288	322	285	298
4,255	2,741	2,688	3,139	3,196
258	215	280	319	340
942	948	916	888	915
1,286	1,448	1,681	1,875	2,298
13,278	9,941	8,549	7,994	9,266
0.00	0.00	0.00	0.00	0.00
0.00	12.04	0.00	4.58	5.00
4,100	13,148	NA	NA	NA
2,300	1,200	1,500	8,011	9,000
670	820	863	1,250	1,500
22,858	23,521	23,532	21,352	24,268
5,980	5,466	5,267	4,267	5,701
12,153	14,984	13,171	13,981	14,071
3,744	2,409	3,743	448	0
7,907	7,466	6,849	1,437	12,951
1,335	1,722	1,735	1,711	1,308
2,268	2,760	1,083	939	726
3,376	3,684	3,527	1,623	987
11,048	12,442	10,595	9,063	8,856
5,017	6,375	6,861	2,953	30,959
8,240	8,042	8,021	8,378	8,524
878,700	749,542	739,818	804,170	810,000
4,241	7,542	7,974	8,008	8,154
663,900	580,289	591,917	543,838	589,000

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Capital Assets by Function

Last Ten Years

Function	2006	2007	2008	2009	2010
<b>Public Safety</b>					
Police					
Police Stations	1	1	1	2	2
Police Patrol Units	25	25	25	25	26
Police Motorcycle Units	2	2	2	2	1
Fire					
Fire Stations	2	2	2	4	3
Fire Trucks	5	5	5	6	6
<b>Transportation</b>					
Streets -Paved (miles)	92.38	92.48	92.57	92.57	96.00
Sidewalks (miles)	7.68	7.68	7.68	7.68	7.68
<b>Environmental Protection</b>					
Curbside Truck	N/A	N/A	2	2	2
Leaf Machine	N/A	N/A	2	2	2
Beach Trash Truck	0	1	1	2	2
<b>Cultural and Recreation</b>					
Parks	15	17	17	17	17
Tennis Courts	4	4	4	4	6
Playgrounds	1	1	1	1	1
Baseball/Softball fields	2	4	4	5	5
Soccer Fields	1	1	1	1	1
Recreation Center	1	1	1	1	1
Community Centers	1	1	1	1	1
Golf Courses	0	1	1	1	1
Croquet Court	1	1	1	1	1
Disc Golf Course	0	1	1	1	1
Fishing Pier	0	0	1	1	1
Dog Park	0	1	1	1	1
<b>Water</b>					
Water Mains (miles)	120	120	120	120	120
Fire Hydrants	800	800	800	800	800
Average daily water consumption (in gallons)	978,000	1,101,976	1,017,788	893,491	878,257
Peak daily demand (in gallons)	2,884,000	2,369,000	2,541,000	2,336,000	2,488,000
<b>Wastewater</b>					
Sanitary Sewers (miles)	20	20	20	20	20
Lift Stations	14	15	15	15	15
Man Holes	220	220	220	220	220
Sewer Treatment Capacity (in gallons)	400,000	400,000	400,000	400,000	400,000

Source: Various Town Departments

2011	2012	2013	2014	2015
2	2	2	2	2
26	26	26	25	26
1	1	1	1	1
3	3	3	3	3
6	6	6	6	6
96.00	96	96	96	96
7.68	7.68	7.68	7.68	7.68
3	2	2	2	2
2	2	2	2	2
3	2	2	2	2
17	17	17	17	17
6	6	6	6	6
2	2	2	2	2
5	5	5	5	5
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	2	2	2
120	120	120	120	120
800	800	800	800	800
878,700	749,542	739,818	804,170	810,000
2,485,000	2,111,000	2,174,330	2,188,950	2,189,000
106	106	106	106	106
34	34	34	34	34
220	245	245	245	245
2,535,308	3,400,000	3,400,000	3,400,000	3,800,000

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## ***Compliance Section***

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**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of the Town of Oak Island, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Town of Oak Island's basic financial statements, and have issued our report thereon dated December 1, 2015. The financial statements of the Town of Oak Island Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Town of Oak Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Oak Island's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Oak Island'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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 Oak Island's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*S. Preston Douglas & Associates, LLP*

Whiteville, NC  
December 1, 2015

**Report on Compliance with Requirements Applicable to Each Major State Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133  
and the State Single Audit Implementation Act**

**Independent Auditor's Report**

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

***Report on Compliance for Each Major State Program***

We have audited the Town of Oak Island, North Carolina, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a material effect on each of the Town of Oak Island's major state programs for the year ended June 30, 2015. The Town of Oak Island's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion for each of the Town of Oak Island's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in and applicable sections of OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Town of Oak Island's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

***Opinion on Each Major State Program***

In our opinion, the Town of Oak Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of the Town of Oak Island is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Oak Island's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose

of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Oak Island's internal control over compliance.

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

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***S. Preston Douglas & Associates, LLP***

Whiteville, NC  
December 1, 2015

**TOWN OF OAK ISLAND, NORTH CAROLINA**  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2015

<u>Grantor / Pass-through Grantor / Program Title</u>	<u>State Contract Number</u>	<u>Expenditures</u>
<b>State Grants:</b>		
<u>North Carolina Department of Natural Resources</u>	6174	\$ 1,884,284
<b>Total state assistance</b>		<u>\$ 1,884,284</u>

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

1. Basis of presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Oak Island and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**SECTION I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <b>X</b> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ Yes	_____ <b>X</b> _____	No
Noncompliance material to financial statements noted	_____ Yes	_____ <b>X</b> _____	No

**State Awards**

Internal control over major State programs:			
Material weakness(es) identified?	_____ Yes	_____ <b>X</b> _____	No
Reportable conditions identified that are not considered to be material weaknesses	_____ Yes	_____ <b>X</b> _____	No
Noncompliance material to State awards	_____ Yes	_____ <b>X</b> _____	No
Type of auditor's report issued on compliance for major State programs:	Unmodified		
Any audit findings that are required to be reported in accordance with the State Single Audit Implementation Act	_____ Yes	_____ <b>X</b> _____	No

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Corrective Action Plan

For the Fiscal Year Ended June 30, 2015

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<b>SECTION II. FINANCIAL STATEMENT FINDINGS</b>
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None Reported.

**TOWN OF OAK ISLAND, NORTH CAROLINA**

Summary Schedule of Prior Year Findings

For the Fiscal Year Ended June 30, 2015

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<b>SECTION III. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS</b>
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None Reported.

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