

Annual Comprehensive Financial Report

Year Ending June 30, 2023



Town of Kill Devil Hills

North Carolina

Cover Art Photo by

Scott Nickens, Accountant
Sunset over Wright Brothers Monument
Taken from his office window in Town Hall

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TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

*Prepared by the Town of Kill Devil Hills Finance Department
Angell W. Doughtie, CPA, Finance Director
Samuel S. Angelo, CPA, Assistant Finance Director*

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TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2023

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Mayor
BENJAMIN A. SPROUL
Mayor Pro Tem
IVY RAY INGRAM
Commissioners
TERRY L. GRAY
BERNARD B. MCAVOY, JR.
JOHN L. WINDLEY



Town Manager
DEBORA P. DIAZ
Assistant Town Manager
CHARLENE S. ALLEN
Town Clerk
JAMES MICHAEL O'DELL

The Town of
KILL DEVIL HILLS
NORTH CAROLINA

November 15, 2023

To the Honorable Mayor, Board of Commissioners,
And Citizens of the Town of Kill Devil Hills:

The Local Government Commission of the North Carolina State Treasurer's Office requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Town of Kill Devil Hills for the fiscal year ended June 30, 2023.

The report consists of management's representations concerning the finances of the Town of Kill Devil Hills. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Kill Devil Hills has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Kill Devil Hills' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Kill Devil Hills' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements contained herein have been audited by Potter & Company, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Kill Devil Hills for the fiscal year ended June 30, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified, "clean" opinion that the Town of Kill Devil Hills' financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Kill Devil Hills' MD&A can be found immediately following the report of the independent auditors.



TOWN OF KILL DEVIL HILLS

Profile of the Town

The Town of Kill Devil Hills is located in Dare County on Bodie Island on the coast of eastern North Carolina. This area is approximately 200 miles east of Raleigh, the State capital, and 90 miles south of Virginia Beach and Norfolk, Virginia, a metropolitan area. The county is named in honor of Virginia Dare, the first-born child of English parents in America. This area contains much of what are known as North Carolina's "Outer Banks" resort and vacation areas and is host to such attractions as the Cape Hatteras National Seashore and the North Carolina Aquarium. Kill Devil Hills is proud to have included among its distinguishing features the Wright Brothers Memorial National Park commemorating man's first flight.

Kill Devil Hills received its municipal charter from the North Carolina General Assembly on March 6, 1953. The Town operates under the commissioner-manager form of government. Policy making authority is vested in the governing Board of Commissioners consisting of a mayor and four commissioners, including the mayor pro tem who is appointed by the governing board. The governing board is responsible for, among other things, establishing policy, passing ordinances, adopting the budget, appointing committees and appointing the Town's manager and attorney. The manager is responsible for carrying out the policies and ordinances of the governing board and for overseeing the day-to-day operations of the Town. Board members, including the mayor pro tem, are elected to four-year staggered terms and the mayor is currently elected for a two-year term, all on a non-partisan basis. At the expiration of the current mayor's term in 2023, the mayor will be elected for a four-year term moving forward.

The Town provides a full range of services. These services include planning and inspections, police, animal control, fire and beach rescue protection, sanitation, and the construction and maintenance of streets and infrastructure. In addition to general government activities, the Town provides water and wastewater services.

The Board is required to hold at least one public hearing on the proposed budget and must adopt a final budget by no later than June 30, the close of the fiscal year. This annual budget serves as the foundation for the Town of Kill Devil Hills financial planning and control. An annual budget is adopted for the General and Enterprise Funds. Multi-year project budgets are adopted for all Capital Project and Special Revenue Funds. Appropriations in the General and Enterprise Funds are made at the department level and at the project level for all Capital Project and Special Revenue Funds. The Town Manager may transfer resources within a department as she sees fit. Transfers between departments, however, need special approval from the Board.

Local Economy. The Town's economy is based on travel, tourism and related service industries and is directly tied to national and local economies especially those in the mid-Atlantic region. Revenues continue to remain strong. Kill Devil Hills remains one of the most desirable destinations in the country. The result is that tourists and vacationers not only come to our area during the busy summer season, but are also visiting the Outer Banks during the non-peak months. The longer tourist season has extended and increased rental income and other economic benefits to local businesses. The Town's travel and tourism industry not only encompasses those revenues that have a direct relationship, such as sales and occupancy taxes, but also revenues related to property transactions and construction, such as land transfer tax, as the majority of those activities come from non-residents and residential construction for rental purposes. This steady stream of income has helped to maintain a healthy balance in the tax base that has enabled the Town to keep property tax rates at moderate levels while providing the infrastructure and high level of services demanded by citizens. In planning for the future, the Town continues to maintain a high priority on both the delivery of quality services and financial stability.

Land Where Flight Began



TOWN OF KILL DEVIL HILLS

Long-term financial planning and major initiatives. Capital Reserve funding for Streets in the amount \$342,828, and Powell Bill funds in the amount \$272,000 in the FY 2024 budget will provide funds for future street projects. The Capital Reserve funds for Shoreline, Sidewalks, and Recreational Facilities will each receive \$100,000 for future projects. Maintenance and repair of existing sidewalks will receive \$30,000 and \$150,000 is budgeted for general maintenance and repairs to streets. Enhancements to Aviation Park and Meekins Field Park will continue with improvements to park aesthetics and grounds. Direct borrowing installment financing budgeted at \$1,283,500 will include the purchase of 6 pickup trucks, 5 police vehicles, vehicle extrication equipment, an SUV, excavator, pipe cleaner, dump truck, Mack roll-off, and Par-Kan dump body.

In fiscal year 2022, a ten year Water System Master Plan update was adopted that provides a detailed analysis of all aspects of the Town Water System including: water quality analysis including population projections, usage trends and contractual capacity limitation, water quality analysis including testing and EPA requirements, capital improvement plan to guide the next decade's worth of necessary improvements and budget decisions and finally rate and fee analysis to guide future rate and fee decisions. Plant improvements and equipment for the upcoming year are estimated at \$63,000 and \$10,000. Waterlines are scheduled to be replaced along with street and drainage projects and are budgeted at \$75,000. The purchase and installation of new meters are budgeted at \$130,000. These improvements, equipment, and projects, are funded on the pay as you go basis. The Capital Reserve Fund for Water and Wastewater System Development fees will account for system development fee proceeds in order to provide funds for capital projects related to the Water System. System development fees are expected to pay for \$342,750 in water system expansion and replacements. Various other water line and system maintenance is funded on a pay as you go basis from of operations.

Operation and maintenance of the wastewater collections system for the Southern Sanitary District (Ocean Acres) as well as the disposal of the effluent continues to be a contracted service. The results and implementation of a rate and CIP study has allowed for sustained reliable operations and fund needed capital improvements. System development fees will aid in the repayment of a long-term loan issued by the Water Fund.

A collaborative effort and cost-sharing plan was developed with other municipalities as well as Dare County for costs associated with a beach nourishment project. The project in Kill Devil Hills began in the summer of 2022 and nourished approximately 2.6 miles of northern Kill Devil Hills' beaches. With the project complete, the only remaining expenses are related to project cost tracking and reporting. The cost to Kill Devil Hills is estimated to total \$6,324,070, slightly less than the \$6,373,451 originally budgeted for the project. Funding for the project came in part from a North Carolina Division of Water Quality grant, Federal Emergency Management Agency (FEMA) grant, Dare County grant, and the Town of Kill Devil Hills. Special obligation bonds were issued for the Town's portion of the project and for the FEMA portion of the project. The FEMA bond was paid off in April 2023 using a combination of FEMA revenues already received and Town funds. The remaining FEMA revenue is expected to be received in FY 24. The Town's portion of the debt will be amortized over five years, with mainly land transfer tax revenue being pledged as collateral. A Municipal Service District was created to include those properties that receive a direct benefit from the beach nourishment project with MSD tax assessment sufficient to cover the annual debt payment and related expenses. The final payment of the five-year amortization of the special obligation bond will occur in December 2026. A beach maintenance plan will continue to measure the beach profile in order to establish future re-nourishment needs.



TOWN OF KILL DEVIL HILLS

Other collaborative efforts with Dare County include the lease for a portion of a joint Fire and EMS station. Construction is underway with an estimated completion date in June 2024. Upon issuance of the certificate of occupancy for the building, the Town will begin a lease for the fire station, which is approximately 49% of the building. The lease will have an initial term of 20 years, with the option for three additional ten-year terms. Dare County is financing the project with limited obligation bonds with a 20-year term. The Town will pay Dare County for that portion of the bond which is attributed to the fire station, estimated to be \$15,680,438.

Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Kill Devil Hills for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Kill Devil Hills has received a Certificate of Achievement for the last thirty-five consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

We wish to express our appreciation to each member of the Finance Department who has assisted in the preparation of this report. We also thank the Mayor and the Board of Commissioners for their continued support for maintaining the highest standards of professionalism in the management of the Town of Kill Devil Hills' finances.

Respectfully submitted,

Debora P. Diaz
Town Manager

Angell W. Doughtie, CPA
Director of Tax and Finance

Land Where Flight Began

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2023

Elected Officials

Mayor
Mayor Pro Tempore
Commissioner
Commissioner
Commissioner

Benjamin A. Sproul
Ivy Ray Ingram
Terry L. Gray
Bernard B. McAvoy Jr.
John L. Windley

Appointed

Town Attorney
Town Manager

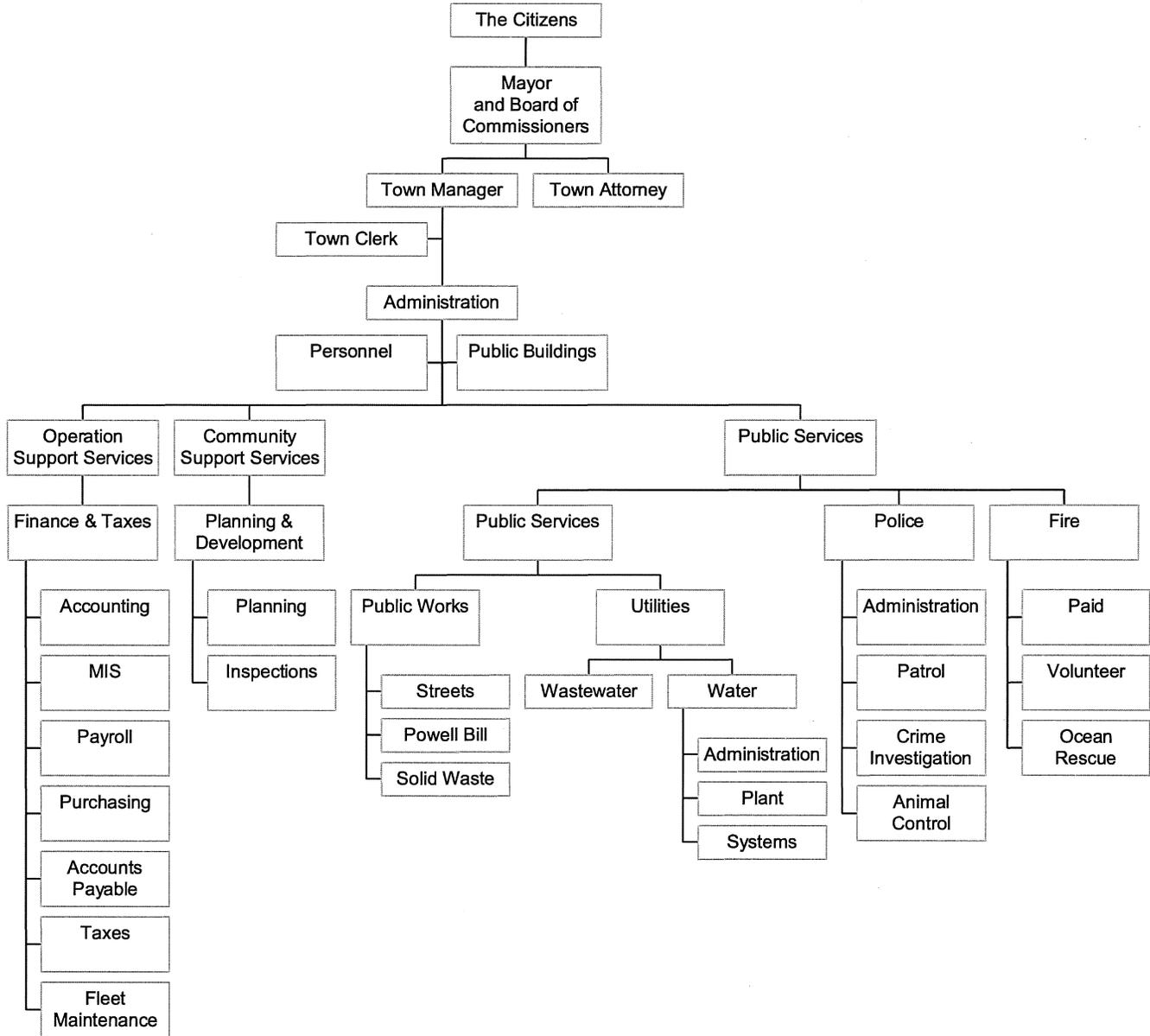
Casey C. Varnell
Debora P. Diaz

Town Administration

Town Clerk
Assistant Town Manager
Finance Director
Planning Director
Public Services Director
Fire Chief
Police Chief

James Michael O'Dell
Charlene S. Allen
Angell W. Doughtie, CPA
Meredith B. Guns
Stephen F. Albright
Troy N. Tilley
Gary L. Britt

Town of Kill Devil Hills, North Carolina
ORGANIZATIONAL CHART
 June 30, 2023





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Kill Devil Hills
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Town Council
Town of Kill Devil Hills, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Kill Devil Hills, North Carolina**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the **Town of Kill Devil Hills'** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Kill Devil Hills**, as of June 30, 2023, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major, annually budgeted special revenue funds, if applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Town of Kill Devil Hills** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 17, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 84 through 87, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll on pages 88 through 91, and the Other Post Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 92 through 93, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Town of Kill Devil Hills'** basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the combining and individual fund financial 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of **Town of Kill Devil Hills'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of **Town of Kill Devil Hills'** 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 Kill Devil Hills'** internal control over financial reporting and compliance.

Potter & Company, P.A.

November 15, 2023
Monroe, North Carolina

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

As management of the Town of Kill Devil Hills, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Kill Devil Hills for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages v – viii of this report.

Financial Highlights

- The assets and deferred outflows of the Town of Kill Devil Hills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$74,154,723 (*net position*). Of this amount, \$15,385,175 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,626,651 primarily because revenues exceeded expenses in governmental type activities.
- As of the close of the current fiscal year, the Town of Kill Devil Hills governmental funds reported combined ending fund balances of \$30,960,126, a decrease of \$1,857,511 from the prior year. The change resulted from:
 - 2022 Beach Nourishment Capital Project Fund decrease of \$2,230,136 resulting from expending grant funds and financing proceeds on the beach nourishment project.
 - American Rescue Plan Special Revenue Fund decrease of \$1,126,376 resulting from the transfer of the grant funds to the general fund to be used to cover law enforcement salaries. This transfer contributed to the \$1,499,001 increase in the General Fund.
- After restrictions and assignments, approximately 60.4% of the total fund balances or \$18,714,635 is available for spending at the government's discretion (unassigned fund balance.) This amount is 68.8% of total general fund expenditures for the fiscal year.
- The Town of Kill Devil Hills' total debt for direct borrowing installment notes and direct placement debt decreased by \$3,474,906. Principal payments for the fiscal year were \$5,529,649. This amount included principal payments of \$3,638,169 to pay off the bond associated with the FEMA portion of the 2022 beach nourishment project. New debt issuances consisted of a direct borrowing installment financing of \$2,054,744.

Overview of the Financial Statements

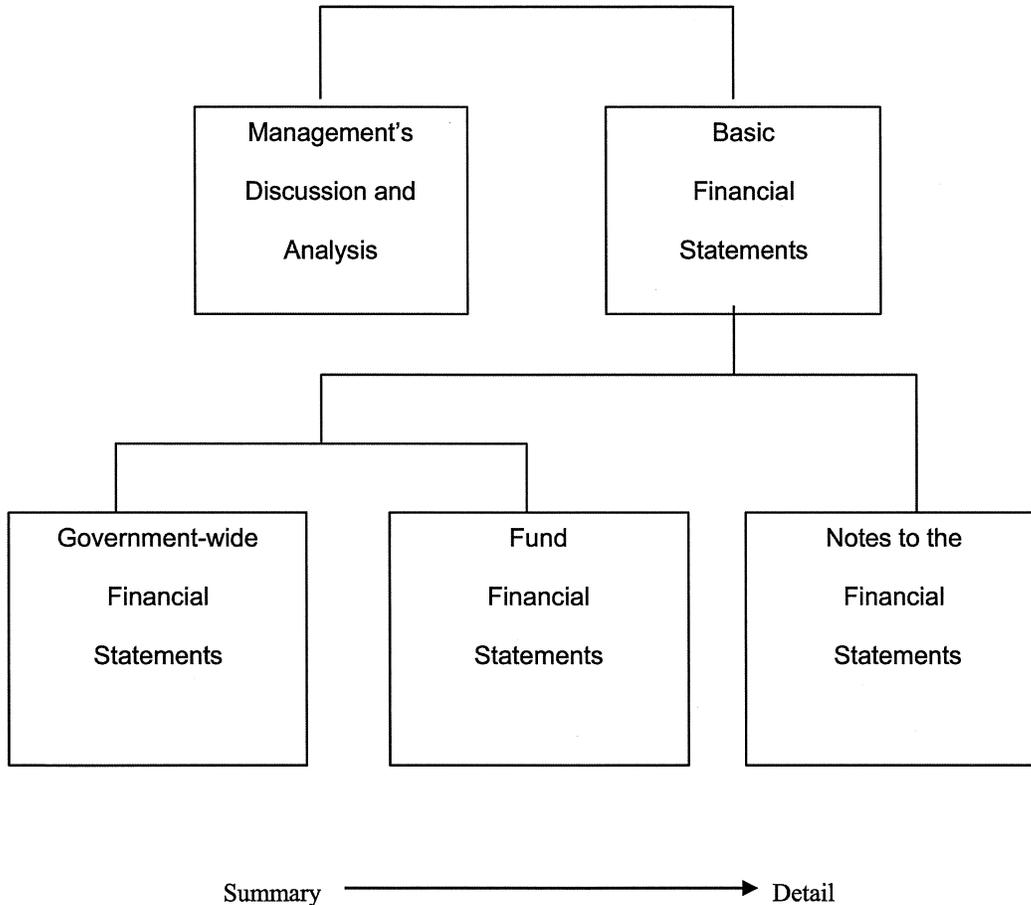
This discussion and analysis is intended to serve as an introduction to the Town of Kill Devil Hills' basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements (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 Kill Devil Hills.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis
June 30, 2023

Required Components of Annual Financial Report

Figure 1



TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

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 10) 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 for major governmental funds, 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 the statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances and are 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 they have changed during the most recent year. 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 two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, environmental protection, public works and general administration. Property taxes, intergovernmental revenues (governmental activities) and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and wastewater services offered by the Town of Kill Devil Hills.

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 Kill Devil Hills, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's Budget Ordinance. All of the funds of the Town of Kill Devil Hills can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

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 Kill Devil Hills maintains three individual governmental funds, all of which are considered major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town of Kill Devil Hills adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the Budget Ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations and ending balances in the General Fund and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement. The basic governmental fund financial statements can be found on pages 24-29 of this report.

Proprietary Funds. The Town of Kill Devil Hills has one type of proprietary fund, *Enterprise Funds*, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Kill Devil Hills uses enterprise funds to account for its water and wastewater activity. 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. Proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The Town has two fiduciary funds, one of which is an OPEB trust fund for reporting purposes and the other is a custodial fund, the Firemen's Relief Fund. The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-82 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Kill Devil Hills' progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 84-93 of this report.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

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 Kill Devil Hills Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 31,974,298	\$ 36,968,366	\$ 12,105,910	\$ 10,604,541	\$ 44,080,208	\$ 47,572,907
Capital assets	36,796,913	33,483,758	16,433,789	16,340,823	53,230,702	49,824,581
Total assets	68,771,211	70,452,124	28,539,699	26,945,364	97,310,910	97,397,488
Deferred outflows of resources	4,755,610	3,671,565	576,273	429,309	5,331,883	4,100,874
Long-term liabilities outstanding	20,901,481	17,243,428	1,835,000	1,328,661	22,736,481	18,572,089
Other liabilities	3,505,274	10,019,177	1,038,139	1,119,367	4,543,413	11,138,544
Total liabilities	24,406,755	27,262,605	2,873,139	2,448,028	27,279,894	29,710,633
Deferred inflows of resources	1,107,583	2,895,509	100,593	364,148	1,208,176	3,259,657
Net position:						
Net investment in capital assets	31,209,220	27,961,849	16,400,956	16,316,188	47,610,176	44,278,037
Restricted	11,159,372	14,190,930	-	-	11,159,372	14,190,930
Unrestricted	5,643,891	1,812,796	9,741,284	8,246,309	15,385,175	10,059,105
Total net position	\$ 48,012,483	\$ 43,965,575	\$ 26,142,240	\$ 24,562,497	\$ 74,154,723	\$ 68,528,072

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 Kill Devil Hills exceeded liabilities and deferred inflows by \$74,154,723 as of June 30, 2023. The Town's net position increased by \$5,626,651 for the fiscal year ended June 30, 2023. Current and other assets decreased by \$3,492,699 from the prior year. A significant contributing factor to the decrease was the completion of the beach nourishment project which consumed restricted cash on hand.

Long-term liabilities which include bonds, notes, leases, IT subscriptions, compensated absences, and postemployment obligations of the primary governments increased \$4,164,392 from the previous year. The main cause of the increase was the \$4,248,019 increase to the Net Pension Liability (LGERS).

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

Other liabilities decreased \$6,595,131 from the previous year. The main factor causing the decrease was the completion of the beach nourishment project. Completion of beach nourishment lead to paying off the special obligation bond related to the FEMA portion of the project in the amount of \$3,638,169. In addition to this payment, accounts payable relating to the beach nourishment project decreased \$2,964,601 from the prior year.

The larger portion of net position \$47,610,176 (64.2%) reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment). The Town of Kill Devil Hills uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Kill Devil Hills' 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 Kill Devil Hills' net position, \$11,159,372 (15.0%), represents resources that are subject to external restrictions on how they may be used. The remaining portion, which is the remaining balance of \$15,385,175 (20.8%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

As of June 30, 2023, the Town of Kill Devil Hills is able to report positive balances in all three categories of net position, for the government as a whole, as well as its governmental activities and net effect of its business-type activities. The same situation held true for the prior fiscal year.

**Town of Kill Devil Hills Changes in Net Position
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for Services	\$ 572,556	\$ 742,042	\$ 5,838,062	\$ 6,028,722	\$ 6,410,618	\$ 6,770,764
Operating grants and contributions	1,471,972	1,198,912	-	-	1,471,972	1,198,912
Capital grants and contributions	1,907,899	4,491,675	-	-	1,907,899	4,491,675
General revenues:						
Property taxes	10,346,426	10,161,974	-	-	10,346,426	10,161,974
Other taxes	9,743,092	10,457,008	-	-	9,743,092	10,457,008
Other	2,067,076	(277,012)	150,513	(312,716)	2,217,589	(589,728)
Total Revenues	26,109,021	26,774,599	5,988,575	5,716,006	32,097,596	32,490,605
Expenses:						
General government	8,076,522	6,855,333	-	-	8,076,522	6,855,333
Public safety	7,901,536	7,309,069	-	-	7,901,536	7,309,069
Transportation	2,238,118	1,724,607	-	-	2,238,118	1,724,607
Environmental protection	3,063,891	2,878,474	-	-	3,063,891	2,878,474
Public works	480,620	431,126	-	-	480,620	431,126
Interest on long-term debt	301,426	260,147	-	-	301,426	260,147
Water	-	-	4,241,003	3,959,977	4,241,003	3,959,977
Wastewater	-	-	167,829	162,082	167,829	162,082
Total Expenses	22,062,113	19,458,756	4,408,832	4,122,059	26,470,945	23,580,815
Increase (decrease) in net position	4,046,908	7,315,843	1,579,743	1,593,947	5,626,651	8,909,790
Net position, July 1	43,965,575	36,649,732	24,562,497	22,968,550	68,528,072	59,618,282
Net position, June 30	\$ 48,012,483	\$ 43,965,575	\$ 26,142,240	\$ 24,562,497	\$ 74,154,723	\$ 68,528,072

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

The Town of Kill Devil Hills' overall net position increased \$5,626,651 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental activities. Governmental activities increased the Town's net position by \$4,046,908, accounting for 71.9% of the total growth in the net position of the Town. This increase is \$3,268,935 less than the increase in net position seen in the prior fiscal year.

Key elements of this change were:

Revenues:

- Occupancy tax revenues decreased \$143,206 (3.1%) and sales taxes revenues increased \$141,426 (3.5%) from prior year revenues for a net decrease of only \$1,780. This is a result of a continued strong tourism economy.
- Property tax revenues, including those from the MSD, increased \$184,452 (1.8%) over prior year revenues as a result of a growing tax base.
- Realty tax revenues decreased \$712,621 (40.0%) and building permit revenues decreased \$122,694 (22.3%) as a result of the slowing of building and purchasing new homes.
- Capital grants and contributions decreased \$2,583,776 mostly due to a reduction in the accrual of FEMA grant revenue for the 2022 beach nourishment project as that project nears completion.
- Operating grants and contributions increased \$273,060 over the prior year. This total included the second installment of ARP funds of \$1,168,504 and a \$258,458 StRAP grant for canal rehabilitation.
- Net investment earnings increased \$1,397,696 over the prior year as a result of rising interest rates on investments.

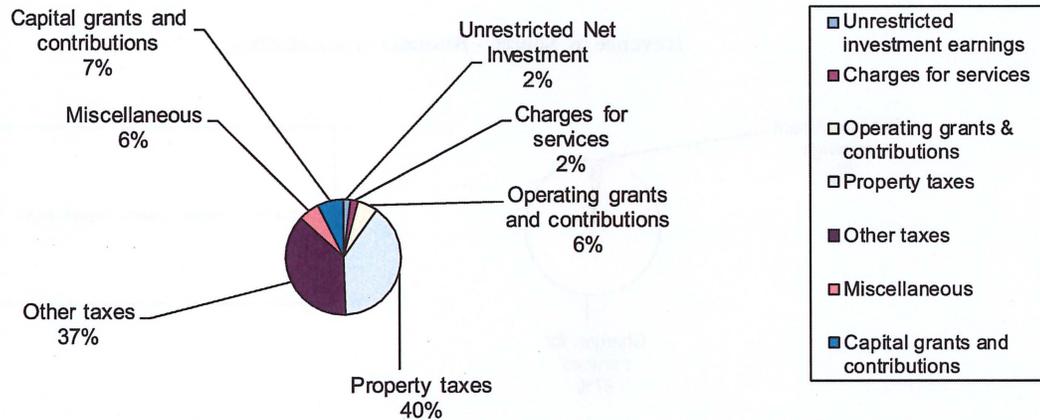
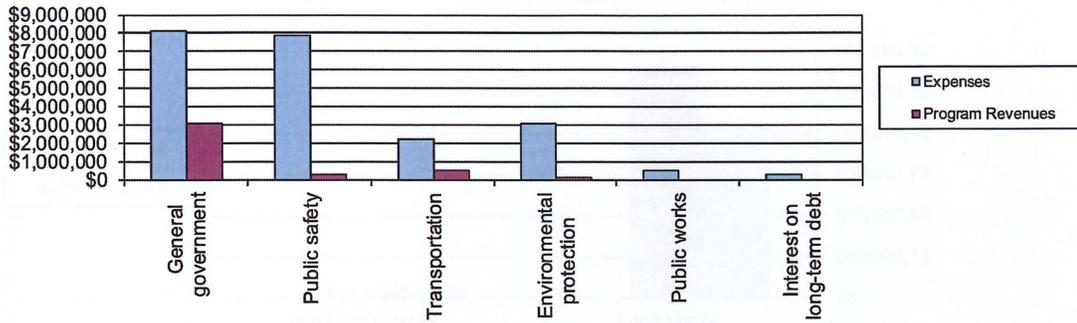
Expenses:

- Management's proactive stance and emphasis on monitoring spending to ensure budget compliance.
- Extended delivery times for goods, equipment, and vehicles resulting in expenditure savings and \$2,914,095 of outstanding purchase orders at year end.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

Expense and Program Revenues - Governmental Activities



Business-type activities. The Town of Kill Devil Hills' net position for Business-type activities increased by \$1,579,743, accounting for 28.1% of the total growth in the Town's net position.

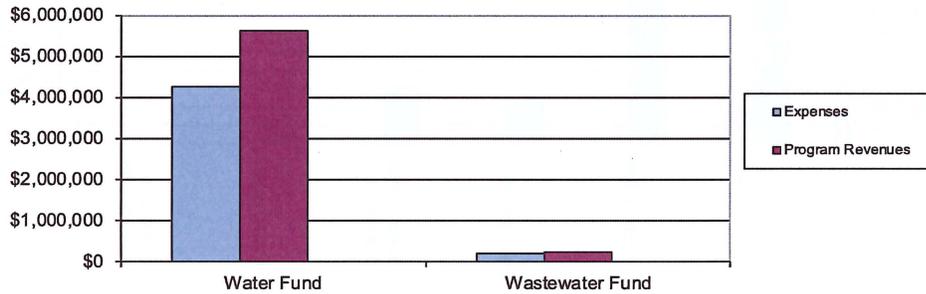
Key highlights of the effects of business type activities on the change in net position include:

- System development fees totaled \$567,900 in the Water Fund and \$4,662 in the Wastewater Fund.
- Operating revenues exceeded operating expenses in both the Water Fund and Wastewater Fund resulting in an increase in net position.
- Water rates increased 4%.

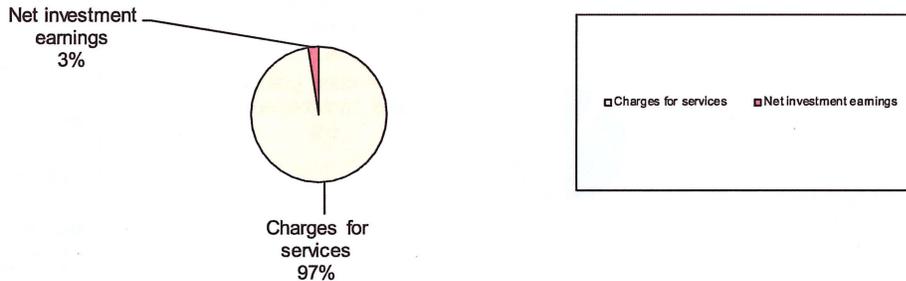
TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

Expense and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Kill Devil Hills. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$18,714,635 while total fund balance decreased to \$30,960,126. The Governing Body of the Town of Kill Devil Hills has determined that the Town should maintain an available fund balance of 35% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.8% of total General Fund expenditures, while total fund balance represents 112.5% of that same amount.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

At June 30, 2023, the governmental funds of the Town of Kill Devil Hills reported a combined fund balance of \$30,960,126 a \$1,857,511 (5.7%) decrease from last year. The primary reasons are:

- The 2022 Beach Nourishment Capital Project decreased by \$2,230,136 due to capital expenditures on the beach nourishment project.
- An increase of \$1,499,001 in the General Fund is a result of revenues and other financing sources exceeding expenditures. This is primarily due to the transfer of \$2,363,588 from the ARP Special Revenue Fund.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$6,033,094. The following are the main components of the increase:

- \$2,096,088 appropriate FY '22 encumbrances
- \$ 279,063 appropriate fund balance and capital reserve funds for the 2022-23 street project
- \$ 357,227 appropriate fund balance and StRAP grant funds for canal debris removal project
- \$ 22,455 appropriate fund balance for salary increases
- \$ 6,350 appropriate fund balance for rebidding of the 2023-24 streets project
- \$ 2,500 NCLM wellness grant funding
- \$ 13,236 Assistance to Firefighters grant funding for radios
- \$ 323,788 appropriate fund balance and grant funding for US 158 sidewalk project
- \$ 5,000 Government Access Channel Grant funds
- \$2,054,744 lease proceeds for vehicles and equipment
- \$ 57,278 appropriate fund balance for the renewal of the 2021B FEMA special obligation bond
- \$ 10,617 appropriate fund balance for budget variances for financing payments
- \$ 674,500 appropriate fund balance for the 2023-24 streets project
- \$ 1,084 contributions
- \$ 22,390 appropriate fund balance for subscription based IT agreements
- \$ 25,800 PEG channel support funds
- \$ 18,000 appropriate fund balance for fleet maintenance repairs for the Streets department
- \$ 32,974 insurance proceeds
- \$ 30,000 appropriate fund balance for purchase of fleet maintenance supplies

The increases were possible because of local grant funding (\$232,800), lease purchase financing (\$2,054,744), contributions (\$1,084), Assistance to Firefighters Grant funding (\$13,236), appropriations from the restricted Sidewalks, Streets and Recreation Capital Reserve fund balance (\$162,979), SBITA financing (\$22,390) appropriations for NCLM wellness grant funding (\$2,500), insurance proceeds funding (\$32,974), StRAP grant funding (\$258,458) and additional fund balance appropriations (\$1,155,841).

Revenues were \$1,379,980 under budget. This is mainly due to FEMA revenues expected to be received in the current year were actually accrued in the prior year. Ad valorem, occupancy and sales tax collections were \$203,964, \$291,134, and \$445,582 over budget, respectively. Expenditures were \$4,944,807 under budget mainly due to the delay of expenditures in response to supply-chain issues and rising cost of goods.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

Proprietary Funds. The Town of Kill Devil Hills' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund and Wastewater Fund at the end of the fiscal year amounted to \$9,741,284, a \$1,494,975 (18.1%) increase over last year. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Kill Devil Hills business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Kill Devil Hills' investment in capital assets for its governmental and business-type activities as of June 30, 2023, total \$53,230,702 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, water rights, buildings, plant, improvements, vehicles, furniture, equipment, animals, streets, meters and intangible right-to-use assets. The total increase for the current fiscal year was 6.8% (9.9% increase for governmental activities and 0.57% increase for business-type activities).

Major capital asset transactions during the year include the following:

Governmental Activities

- Activity for construction in progress includes \$1,478,866 for Meekins Field Park Development, \$90,230 for drainage improvements on Seminole Street and Indian Drive, and \$383,436 for the Wright Brothers Memorial sidewalk project.
- Building additions include a new roof for the Town Hall complex costing \$170,979.
- Other improvements include \$174,556 for parking, pavilion, and landscaping improvements to Aviation Park, and \$2,797,379 to complete the 2022 Beach Nourishment project.
- Equipment included \$229,841 for 34 new emergency services radios and \$20,002 for a John Deere compact tractor. Several assets were sold including 7 roll-off dumpsters and 2 old generators.
- Vehicles purchased include three garbage trucks for a total of \$866,193, a dump truck for \$179,737, and 5 new Chevrolet Tahoe's to be used as police vehicles for a total of \$251,301. The town also sold 7 old police Ford Explorers and one F-150 for a total of \$285,537.
- Office furniture and equipment included a server purchased for \$16,313.
- Street projects included \$1,528,792 for improvements to W Durham Street and its intersection with Hwy. 158 and \$18,512 for the completion of Third Street improvements started in the 21/22 Fiscal year.
- \$7,948,466 from fiscal year 2022 construction in progress projects were completed and transferred. \$6,314,406 was transferred to Other Improvements for completion of the 2022 Beach Nourishment project and \$1,573,969 was transferred into Streets for completion of the W. Third Street improvements.
- While not significant, the implementation of GASB 96 added \$25,528 of intangible right to use assets for IT subscriptions.

Business Activities

- Activity for construction in progress includes \$5,077 for waterline improvements on Seminole Street and Indian Drive.
- Other improvements include \$655,755 for Improvements to Durham Street drainage.
- Equipment purchased includes \$129,750 for a new generator for the water department.
- The water fund retired several equipment assets resulting in a loss of \$2,415.
- The final retirement of old water tower assets resulted in a \$135,035 loss in Plant assets.
- \$1,376,204 was completed and transferred to other improvements; 1,251,805 for completion of the W. 3rd Street water main improvements and \$124,399 for completion of the KDH Water Master Plan.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

**Town of Kill Devil Hills Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 756,729	\$ 756,729	\$ 224,814	\$ 224,814	\$ 981,543	\$ 981,543
Construction in progress	1,952,532	6,126,419	5,077	1,348,977	1,957,609	7,475,396
Plant	-	-	4,736,490	5,016,075	4,736,490	5,016,075
Water rights	-	-	623,619	713,885	623,619	713,885
Building	9,957,603	10,137,415	35,803	38,485	9,993,406	10,175,900
Other improvements	8,795,360	4,232,867	9,595,927	7,840,393	18,391,287	12,073,260
Equipment	575,261	357,600	289,338	143,599	864,599	501,199
Vehicles	2,805,550	2,259,652	22,639	34,058	2,828,189	2,293,710
Office equipment	356,189	393,994	25,791	44,134	381,980	438,128
Animals	-	3,191	-	-	0	3,191
Meters	-	-	861,193	934,272	861,193	934,272
Streets	11,546,328	9,176,381	-	-	11,546,328	9,176,381
Right to use assets:						
Leases	31,003	39,510	13,098	2,131	44,101	41,641
IT Subscriptions	20,358	-	-	-	20,358	-
Total	\$ 36,796,913	\$ 33,483,758	\$ 16,433,789	\$ 16,340,823	\$ 53,230,702	\$ 49,824,581

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements on pages 56-58.

Outstanding Debt. The Town of Kill Devil Hills' total debt increased by \$802,958 (3.3% over the prior year) during the fiscal year ended June 30, 2023. This was primarily due to the increase in the Net Pension Liability of \$4,248,019 and direct borrowing installment financing of \$2,054,744. The principal payment of \$3,638,169 of the FEMA direct placement installment purchase offset these increases. The implementation of GASB 96 resulted in an increase in IT subscription liabilities for governmental activities of \$25,528 due to an arrangement the Town executed in the current year.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the Town's boundaries. The legal debt margin for the Town of Kill Devil Hills is \$237,631,612. The Town had no outstanding bonded debt subject to the limitation.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

Town of Kill Devil Hills Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
	Direct Borrowing Installment Purchase	\$ 7,037,786	\$ 6,755,878	\$ 19,690	\$ 22,504	\$ 7,057,476
Direct Placement Installment Purchase	474,579	4,231,393	-	-	474,579	4,231,393
Compensated absences-net	979,055	932,973	109,554	97,209	1,088,609	1,030,182
Lease Liability	31,380	39,549	13,143	2,131	44,523	41,680
IT Subscription Liability	12,640	-	-	-	12,640	-
Net Pension Liability (LGERS)	5,051,023	1,303,421	674,462	174,045	5,725,485	1,477,466
Total Pension Liability (LEO)	1,445,325	1,536,899	-	-	1,445,325	1,536,899
Net OPEB Liability	8,340,044	8,295,650	1,113,644	1,107,716	9,453,688	9,403,366
Total	\$ 23,371,833	\$ 23,095,763	\$ 1,930,493	\$ 1,403,605	\$ 25,302,326	\$ 24,499,368

Additional information can be found in the notes of the Basic Financial Statements located on pages 74-79.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic condition of the Town:

- The average unemployment rate of 4.3% is higher than the State of North Carolina's 2023 average of 3.58%. Dare County experiences significant seasonality in the rates with a high of 7.3% in January and a low of 3.0% in June 2023.
- The Town's economic and tourism related revenues resulted in a 3.1% decrease in occupancy tax collections from the prior year.
- The Town's share of the State and local sales taxes resulted in a 3.5% increase over the prior year.
- Building permits and related revenues decreased 22.3%.
- Water sales increased 3.3% primarily due to a 4% increase in water rate.
- The Town of Kill Devil Hills' year-round population is 7,781 while the summer season population exceeds 35,000 persons a day, requiring twenty-four hour services for residents and non-residents alike.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2023

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The General Fund property tax rate will increase to \$.355 per \$100 of valuation for FY 2023-24. The Municipal Service District (MSD) property tax rate will remain \$.24 per \$100 of valuation. The Town has chosen to appropriate \$853,047 from fund balance. State and local sales tax and local taxes are distributed based on the percentage of the government's levy in relation to other municipalities in the county. Occupancy tax and sales tax revenues are expected to increase 3% with updated levy percentages over FY 22-23. Land transfer taxes are estimated to remain at FY 22-23 levels. While occupancy, sales and land transfer taxes are not growing at the same rate experienced in FY 20-21 and FY 21-22, these revenue streams remain strong and above pre-pandemic levels.

Budgeted expenditures are anticipated to be \$24,831,039, which is a 10.6% decrease from the prior year original adopted budget. Part of this decrease is due to the one-time repayment of the beach nourishment special obligation bond of \$3,639,686 that was budgeted to be paid with FEMA grant funds in FY 22-23. Personnel cost increases include a 7.0% COLA to maintain the cost of living and a 5.5% increase in health insurance premiums. Capital improvement items include annual street and sidewalk projects, identification and implementation of ADA compliance improvements, and improvements to Meekins Field and Aviation Park. Equipment and vehicle replacements include 6 pickup trucks, 5 police vehicles, a Ford Explorer, jet ski, trailer, 2 dump bodies, dump truck, excavator, a storm pipe cleaner, and a Mack roll-off.

Business-type Activities. The retail water rates in the Town will increase by 4%, primarily to cover increased operating costs and waterline and system improvements that are associated with the 2022 Water System Master Plan. Water Fund operating expenses are budgeted to decrease 8.0% from the prior year adopted budget. This decrease is due in part to moving the FY 23-24 water system capital improvements project to FY 22-23 in order to achieve favorable pricing and avoid delays in completion. Pay as you go funding includes an 8th Street pump can inspection, gate and check valve replacements, gate operator replacement, installation of meters, and water main adjustments. A Capital Reserve Fund to account for system development fees is projected to accumulate and fund a total of \$324,000 for system expansion and replacement. The Wastewater fund is guided by a capital improvements program developed in 2022 and includes a schedule of rates and fees to provide for sustained reliable operation and enable repayment of the long-term loan that was provided by the Water Fund. \$18,750 is projected in the Wastewater Capital Reserve Fund for system expansion and repayment of debt. The Adopted Budget maintains the base quantity, current rate structure of base charge, and commodity charge as outlined in the capital improvements program.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Kill Devil Hills, P.O. Box 1719, Kill Devil Hills, NC 27948. You can also call (252) 449-5338, visit our web site www.kdhnc.com or send an email to angell@kdhnc.com for more information.

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BASIC FINANCIAL STATEMENTS

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2023

EXHIBIT 1
Page 1 of 2

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 21,443,914	\$ 9,672,319	\$ 31,116,233
Restricted cash and cash equivalents	7,146,180	1,009,200	8,155,380
Taxes receivables (net)	60,468	-	60,468
Accrued interest receivable (net)	162,109	65,056	227,165
Accounts receivable (net)	69,454	1,116,040	1,185,494
Due from other governments	2,859,101	-	2,859,101
Inventories	232,035	243,295	475,330
Prepaid items	1,037	-	1,037
Total current assets	<u>31,974,298</u>	<u>12,105,910</u>	<u>44,080,208</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	2,709,261	229,891	2,939,152
Water rights, net of accumulated amortization	-	623,619	623,619
Other capital assets, net of accumulated depreciation	34,036,291	15,567,181	49,603,472
Intangible Right-to-use assets, net of amortization	51,361	13,098	64,459
Total capital assets	<u>36,796,913</u>	<u>16,433,789</u>	<u>53,230,702</u>
Total non-current assets	<u>36,796,913</u>	<u>16,433,789</u>	<u>53,230,702</u>
Total assets	<u>68,771,211</u>	<u>28,539,699</u>	<u>97,310,910</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension deferrals	3,937,939	467,089	4,405,028
OPEB deferrals	817,671	109,184	926,855
Total deferred outflows of resources	<u>4,755,610</u>	<u>576,273</u>	<u>5,331,883</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and other accrued liabilities	935,484	197,864	1,133,348
Accrued interest payable	81,218	-	81,218
Unearned revenue	18,220	-	18,220
Other liabilities	-	1,597	1,597
Customer deposits	-	743,185	743,185
Total pension liability (LEO)	48,985	-	48,985
Current portion of long-term liabilities	2,421,367	95,493	2,516,860
Total current liabilities	<u>3,505,274</u>	<u>1,038,139</u>	<u>4,543,413</u>
Long-term liabilities:			
Net pension liability LGERS	5,051,023	674,462	5,725,485
Total pension liability (LEO)	1,396,340	-	1,396,340
Net OPEB liability	8,340,044	1,113,644	9,453,688
Due in more than one year	6,114,074	46,894	6,160,968
Total long-term liabilities	<u>20,901,481</u>	<u>1,835,000</u>	<u>22,736,481</u>
Total liabilities	<u>24,406,755</u>	<u>2,873,139</u>	<u>27,279,894</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	\$ 375,593	\$ 2,849	\$ 378,442
OPEB deferrals	731,990	97,744	829,734
Total deferred inflows of resources	<u>1,107,583</u>	<u>100,593</u>	<u>1,208,176</u>
<u>NET POSITION</u>			
Net investment in capital assets	31,209,220	16,400,956	47,610,176
Restricted for:			
Streets - Powell Bill	19,001	-	19,001
Public safety	37,121	-	37,121
Stabilization by State Statute	5,983,058	-	5,983,058
Capital Reserve Fund	4,775,490	-	4,775,490
Beach Nourishment	344,702	-	344,702
Unrestricted	<u>5,643,891</u>	<u>9,741,284</u>	<u>15,385,175</u>
Total net position	<u>\$ 48,012,483</u>	<u>\$ 26,142,240</u>	<u>\$ 74,154,723</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 8,076,522	\$ 460,393	\$ 1,188,204	\$ 1,414,001
Public safety	7,901,536	14,261	25,310	218,349
Transportation	2,238,118	-	258,458	275,549
Environmental protection	3,063,891	97,902	-	-
Public works	480,620	-	-	-
Interest on long-term debt	301,426	-	-	-
Total governmental activities	<u>22,062,113</u>	<u>572,556</u>	<u>1,471,972</u>	<u>1,907,899</u>
Business-type activities:				
Water fund	4,241,003	5,630,907	-	-
Wastewater fund	167,829	207,155	-	-
Total business-type activities	<u>4,408,832</u>	<u>5,838,062</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 26,470,945</u>	<u>\$ 6,410,618</u>	<u>\$ 1,471,972</u>	<u>\$ 1,907,899</u>

General revenues:

Taxes and Licenses:

Property taxes levied for general purpose

Municipal service district taxes

Sales taxes

Occupancy taxes

Other taxes and licenses

Grants and contributions not restricted to specific programs

Net unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position, previously reported

Net position-ending

The accompanying notes are an integral part of the financial statements.

EXHIBIT 2

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
\$ (5,013,924)	\$ -	\$ (5,013,924)
(7,643,616)	-	(7,643,616)
(1,704,111)	-	(1,704,111)
(2,965,989)	-	(2,965,989)
(480,620)	-	(480,620)
(301,426)	-	(301,426)
<u>(18,109,686)</u>	<u>-</u>	<u>(18,109,686)</u>
-	1,389,904	1,389,904
-	39,326	39,326
<u>-</u>	<u>1,429,230</u>	<u>1,429,230</u>
<u>(18,109,686)</u>	<u>1,429,230</u>	<u>(16,680,456)</u>
9,820,204	-	9,820,204
526,222	-	526,222
4,227,519	-	4,227,519
4,443,839	-	4,443,839
1,071,734	-	1,071,734
1,134,105	-	1,134,105
517,168	150,513	667,681
415,803	-	415,803
<u>22,156,594</u>	<u>150,513</u>	<u>22,307,107</u>
<u>4,046,908</u>	<u>1,579,743</u>	<u>5,626,651</u>
<u>43,965,575</u>	<u>24,562,497</u>	<u>68,528,072</u>
<u>\$ 48,012,483</u>	<u>\$ 26,142,240</u>	<u>\$ 74,154,723</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2023

	Major Fund			Total Governmental Funds
	General	2022 Beach Nourishment CPF	ARP SRF	
ASSETS				
Cash and cash equivalents	\$ 21,443,914	\$ -	\$ -	\$ 21,443,914
Restricted cash and cash equivalents	6,800,304	345,876	-	7,146,180
Receivables (net)				
Taxes	60,468	-	-	60,468
Accounts	69,454	-	-	69,454
Interest on investments	160,002	2,107	-	162,109
Due from other governments	2,854,428	4,673	-	2,859,101
Inventories and prepaid items	233,072	-	-	233,072
Total assets	<u>\$ 31,621,642</u>	<u>\$ 352,656</u>	<u>\$ -</u>	<u>\$ 31,974,298</u>
LIABILITIES				
Accounts payable	\$ 245,861	\$ 7,954	\$ -	\$ 253,815
Accrued liabilities	681,669	-	-	681,669
Unearned revenue	3,300	-	-	3,300
Total liabilities	<u>930,830</u>	<u>7,954</u>	<u>-</u>	<u>938,784</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	60,468	-	-	60,468
License receivable	14,920	-	-	14,920
Total deferred inflows of resources	<u>75,388</u>	<u>-</u>	<u>-</u>	<u>75,388</u>
FUND BALANCES				
Non-Spendable:				
Inventories and prepaids	233,072	-	-	233,072
Restricted:				
Stabilization by State Statute	5,983,058	-	-	5,983,058
Public Safety	37,121	-	-	37,121
Streets - Powell Bill	19,001	-	-	19,001
Capital reserve fund	4,775,490	-	-	4,775,490
Beach Nourishment	-	344,702	-	344,702
Assigned:				
Subsequent year's expenditures	853,047	-	-	853,047
Unassigned	<u>18,714,635</u>	<u>-</u>	<u>-</u>	<u>18,714,635</u>
Total fund balances	<u>30,615,424</u>	<u>344,702</u>	<u>-</u>	<u>30,960,126</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,621,642</u>	<u>\$ 352,656</u>	<u>\$ -</u>	<u>\$ 31,974,298</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position
(Exhibit 1) are different because:

Total fund balances-governmental funds (page 24)	\$ 30,960,126
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,796,913
Deferred outflows of resources related to pensions are not reported in the funds	3,937,939
Deferred outflows of resources related to OPEB are not reported in the funds	817,671
Liabilities for earned revenues considered deferred inflows of resources in fund statements	60,468
Long-term liabilities, including Pension and OPEB obligations and accrued compensation, are not due and payable in the current period and, therefore, are not reported in the funds.	(23,371,833)
Deferred inflows of resources related to pensions are not reported in the funds	(375,593)
Deferred inflows of resources related to OPEB are not reported in the funds	(731,990)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	<u>(81,218)</u>
Net position of governmental activities.	<u>\$ 48,012,483</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2023**

	Major Funds			Total Governmental Funds
	General	2022 Beach Nourishment CPF	ARP SRF	
REVENUES				
Ad valorem taxes	\$ 10,347,716	\$ -	\$ -	\$ 10,347,716
Other taxes and licenses	9,750,361	-	-	9,750,361
Unrestricted intergovernmental	1,134,105	-	-	1,134,105
Restricted intergovernmental	1,694,594	516,773	1,168,504	3,379,871
Permits and fees	460,392	-	-	460,392
Sales and services	104,895	-	-	104,895
Net investment earnings (loss)	397,990	50,470	68,708	517,168
Miscellaneous	270,739	-	-	270,739
Total revenues	<u>24,160,792</u>	<u>567,243</u>	<u>1,237,212</u>	<u>25,965,247</u>
EXPENDITURES				
Current:				
General government	5,931,940	2,797,379	-	8,729,319
Public safety	7,876,259	-	-	7,876,259
Transportation	3,569,394	-	-	3,569,394
Environmental protection	3,528,653	-	-	3,528,653
Public works	473,944	-	-	473,944
Debt service:				
Principal	5,539,308	-	-	5,539,308
Interest and other charges	298,080	-	-	298,080
Total expenditures	<u>27,217,578</u>	<u>2,797,379</u>	<u>-</u>	<u>30,014,957</u>
Excess revenues over (under) expenditures	<u>(3,056,786)</u>	<u>(2,230,136)</u>	<u>1,237,212</u>	<u>(4,049,710)</u>
OTHER FINANCING SOURCES (USES)				
Direct borrowing	2,054,744	-	-	2,054,744
Sale of capital assets	115,065	-	-	115,065
IT subscription agreement	22,390	-	-	22,390
Transfer from special revenue fund	2,363,588	-	(2,363,588)	-
Total other financing sources	<u>4,555,787</u>	<u>-</u>	<u>(2,363,588)</u>	<u>2,192,199</u>
Net change in fund balance	1,499,001	(2,230,136)	(1,126,376)	(1,857,511)
Fund balances - beginning	<u>29,116,423</u>	<u>2,574,838</u>	<u>1,126,376</u>	<u>32,817,637</u>
Fund balances - ending	<u>\$ 30,615,424</u>	<u>\$ 344,702</u>	<u>\$ -</u>	<u>\$ 30,960,126</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds (page 26) \$ (1,857,511)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 7,394,148	
Trade in value on equipment	30,000	
Depreciation expense for governmental assets	<u>(4,110,139)</u>	3,314,009

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (852)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

LRS	977,178	
LEOSSA	<u>49,212</u>	1,026,390

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in tax revenue	<u>(1,291)</u>	(1,291)
-----------------------	----------------	---------

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

New long-term debt issued	(2,077,134)	
Principal payments on long-term debt	5,539,308	
Debt written off	8,260	
Accrued interest payable	<u>(3,346)</u>	3,467,088

Some expenses reported in the statement of activities do not require expenditures in governmental funds.

Compensated absences	(46,082)	
Pension expense - LEOSSA	(160,034)	
Pension expense - LRS	(1,490,523)	
OPEB plan expense	<u>(204,286)</u>	<u>(1,900,925)</u>

Total changes in net position of governmental activities \$ 4,046,908

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 10,143,752	\$ 10,143,752	\$ 10,347,716	\$ 203,964
Other taxes and licenses	8,947,936	8,947,936	9,750,361	802,425
Unrestricted intergovernmental revenues	1,030,000	1,055,800	1,134,105	78,305
Restricted intergovernmental revenues	3,947,294	4,428,488	1,694,594	(2,733,894)
Permits and fees	483,400	483,400	460,392	(23,008)
Sales and services	127,350	127,350	104,895	(22,455)
Net investment earnings	125,000	125,000	358,321	233,321
Other revenues	155,319	189,377	270,739	81,362
Total revenues	<u>24,960,051</u>	<u>25,501,103</u>	<u>24,121,123</u>	<u>(1,379,981)</u>
EXPENDITURES				
Current:				
General government	6,544,351	7,295,726	5,931,940	1,363,786
Public safety	7,984,924	9,530,261	7,876,259	1,654,002
Transportation	1,372,248	4,498,779	3,569,394	929,385
Environmental protection	2,776,956	4,463,762	3,528,653	935,109
Public works	494,426	524,426	473,944	50,482
Debt service:				
Principal retirement	5,472,306	5,551,351	5,539,308	12,043
Interest and other charges	298,080	298,080	298,080	-
Total expenditures	<u>24,943,291</u>	<u>32,162,385</u>	<u>27,217,578</u>	<u>4,944,807</u>
Revenues over (under) expenditures	\$ <u>16,760</u>	\$ <u>(6,661,282)</u>	\$ <u>(3,096,455)</u>	\$ <u>3,564,826</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	General Fund			Variance Positive (Negative)
	Original Budget	Revised Budget	Actual	
<u>OTHER FINANCING SOURCES</u>				
Direct borrowing	\$ -	\$ 2,054,744	\$ 2,054,744	\$ -
Transfer from Capital Reserve Fund	-	2,197,701	-	(2,197,701)
Transfer to Capital Reserve fund	(2,291,069)	(3,139,791)	(1,713,148)	1,426,643
GASB 96 Lease Financing	-	22,390	22,390	-
Transfer from special revenue fund	-	-	2,363,588	2,363,588
Sale of capital assets	20,000	20,000	115,065	95,065
Appropriated fund balance - undesignated	2,254,309	3,340,150	-	(3,340,150)
Appropriated fund balance - encumbrances	-	2,096,088	-	(2,096,088)
Appropriated fund balance - powell bill	-	70,000	-	(70,000)
Total other financing sources (uses)	<u>(16,760)</u>	<u>6,661,282</u>	<u>2,842,639</u>	<u>(3,818,643)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	(253,816)	\$ <u>(253,817)</u>
Fund balance, beginning			26,093,750	
Fund balance, end of year			<u>\$ 25,839,934</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Net investment earnings			\$ 39,669	
Transfer to/from General Fund			1,713,148	
Fund balance, beginning of year			<u>3,022,673</u>	
Total Capital Reserve Fund			<u>4,775,490</u>	
Fund balance, end of year			<u>\$ 30,615,424</u>	

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
June 30, 2023

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,672,319	\$ -	\$ 9,672,319
Restricted cash and cash equivalents	943,590	65,610	1,009,200
Accrued interest receivable	64,486	570	65,056
Customer accounts receivable (net)	1,058,072	48,181	1,106,253
Misc Accounts Receivable (net)	9,787	-	9,787
Inventories	243,295	-	243,295
Total current assets	<u>11,991,549</u>	<u>114,361</u>	<u>12,105,910</u>
Non-current assets:			
Due from other funds	427,011	(427,011)	-
Capital assets:			
Land and other non-depreciable assets	182,546	47,345	229,891
Water rights (net of accumulated amortization)	623,619	-	623,619
Right to use lease asset, net of amortization	13,098	-	13,098
Other capital assets (net of accumulated depreciation)	15,512,927	54,254	15,567,181
Total capital assets	<u>16,332,190</u>	<u>101,599</u>	<u>16,433,789</u>
Total non-current assets	<u>16,759,201</u>	<u>(325,412)</u>	<u>16,433,789</u>
Total assets	<u>28,750,750</u>	<u>(211,051)</u>	<u>28,539,699</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	467,089	-	467,089
OPEB deferrals	109,184	-	109,184
Total deferred outflows of resources	<u>576,273</u>	<u>-</u>	<u>576,273</u>
LIABILITIES			
Current liabilities:			
Accounts payable	132,819	317	133,136
Salaries payable	64,728	-	64,728
Other liabilities	1,597	-	1,597
Customer deposits	715,249	27,936	743,185
Current portion of long-term liabilities:			
Compensated absences	90,000	-	90,000
Note payable	2,813	-	2,813
Lease liability	2,680	-	2,680
Total current liabilities	<u>1,009,886</u>	<u>28,253</u>	<u>1,038,139</u>
Non-current liabilities:			
Compensated absences, net of current portion	19,554	-	19,554
Net Pension Liability	674,462	-	674,462
Net OPEB Liability	1,113,644	-	1,113,644
Note payable, net of current portion	27,340	-	27,340
Total non-current liabilities	<u>1,835,000</u>	<u>-</u>	<u>1,835,000</u>
Total liabilities	<u>2,844,886</u>	<u>28,253</u>	<u>2,873,139</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF FUND NET POSITION

June 30, 2023

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2023
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	\$ 2,849	\$ -	\$ 2,849
OPEB deferrals	97,744	-	97,744
Total deferred inflows of resources	<u>100,593</u>	<u>-</u>	<u>100,593</u>
<u>NET POSITION</u>			
Net investment in capital assets	16,299,357	101,599	16,400,956
Unrestricted	10,082,187	(340,903)	9,741,284
Total net position	<u>\$ 26,381,544</u>	<u>\$ (239,304)</u>	<u>\$ 26,142,240</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2023

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2023
<u>OPERATING REVENUES</u>			
Water sales	\$ 4,887,287	\$ -	\$ 4,887,287
Wastewater sales	-	200,994	200,994
Connection fees	118,007	-	118,007
System development fees	567,900	4,662	572,562
Late payment penalties and interest	33,857	1,499	35,356
Other operating revenues	23,856	-	23,856
Total operating revenues	<u>5,630,907</u>	<u>207,155</u>	<u>5,838,062</u>
<u>OPERATING EXPENSES</u>			
Water administration	1,497,562	-	1,497,562
Water treatment plant	1,318,883	-	1,318,883
Water systems	592,960	-	592,960
Wastewater	-	163,828	163,828
Depreciation and amortization	694,148	4,001	698,149
Total operating expenses	<u>4,103,553</u>	<u>167,829</u>	<u>4,271,382</u>
<u>OPERATING INCOME (LOSS)</u>	<u>1,527,354</u>	<u>39,326</u>	<u>1,566,680</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Net investment earnings (loss)	148,542	1,971	150,513
Loss on disposal of capital assets	(137,450)	-	(137,450)
Total non-operating revenues	<u>11,092</u>	<u>1,971</u>	<u>13,063</u>
<u>OPERATING INCOME (LOSS) BEFORE TRANSFERS</u>			
	1,538,446	41,297	1,579,743
Transfers from (to) other funds	<u>18,750</u>	<u>(18,750)</u>	<u>-</u>
Changes in net position	1,557,196	22,547	1,579,743
Total net position previously reported	<u>24,824,348</u>	<u>(261,851)</u>	<u>24,562,497</u>
Total net position, ending	<u>\$ 26,381,544</u>	<u>\$ (239,304)</u>	<u>\$ 26,142,240</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

EXHIBIT 8
Page 1 of 2

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 5,550,023	\$ 209,962	\$ 5,759,985
Cash paid for goods and services	(2,058,192)	(164,196)	(2,222,388)
Cash paid to employees	(1,446,317)	-	(1,446,317)
Customer deposits received	55,273	1,728	57,001
Customer deposits returned	(38,317)	(1,584)	(39,901)
Other operating revenues	150	-	150
Net cash provided by operating activities	2,062,620	45,910	2,108,530
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash received from other funds	42,282	-	42,282
Cash paid to other funds	-	(42,282)	(42,282)
Net cash provided (used) by non-capital financing activities	42,282	(42,282)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	(915,017)	-	(915,017)
Principal paid on capital debt	(2,813)	-	(2,813)
Net cash (used) by capital related financing activities	(917,830)	-	(917,830)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net investment earnings (loss)	86,133	1,420	87,553
Net cash used by investing activities	86,133	1,420	87,553
Net increase in cash and cash equivalents	1,273,205	5,048	1,278,253
Cash and cash equivalents at beginning of year	9,342,704	60,562	9,403,266
Cash and cash equivalents at end of year	\$ 10,615,909	\$ 65,610	\$ 10,681,519

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023**

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2023
RECONCILIATION OF OPERATING			
INCOME TO NET CASH USED BY			
OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,527,354	\$ 39,326	\$ 1,566,680
Adjustments to reconcile operating income loss to net cash provided by operating activities:			
Depreciation and amortization	694,149	4,001	698,150
<i>Changes in Assets and Liabilities:</i>			
(Increase) decrease in accounts receivable	(80,781)	2,807	(77,974)
(Increase) in inventories	(82,184)	-	(82,184)
(Increase) in deferred outflows of resources - pensions	(186,059)	-	(186,059)
Decrease in deferred outflows of resources - OPEB	39,095	-	39,095
Increase in net pension liability	500,417	-	500,417
Increase in salaries payable	10,590	-	10,590
(Decrease) in lease liability	(2,538)	-	(2,538)
Increase in other liabilities	46	-	46
(Decrease) in accounts payable	(129,142)	(368)	(129,510)
Increase in customer deposits	16,956	144	17,100
Increase in accrued vacation payable	12,344	-	12,344
(Decrease) in deferred inflows of resources - pensions	(245,810)	-	(245,810)
(Decrease) in deferred inflows of resources - OPEB	(17,745)	-	(17,745)
Increase in OPEB liability	5,928	-	5,928
Net cash provided by operating activities	\$ 2,062,620	\$ 45,910	\$ 2,108,530
Schedule of non-cash financing activities:			
GASB 87 lease financing	\$ 13,550	\$ -	\$ 13,550

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	Pension (and Other Employee Benefit) Trust Fund	Custodial Fund Firemen's Relief
<u>ASSETS</u>		
Cash and cash equivalents	\$ 340,856	\$ 239,801
Accrued interest receivable	-	1,460
Due from other governments	-	14,433
	<u>340,856</u>	<u>255,694</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Total Liabilities	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Postemployment benefits other than pensions	340,856	-
Firemen's Relief Fund	-	255,694
	<u>340,856</u>	<u>255,694</u>
Total Net Position	<u>\$ 340,856</u>	<u>\$ 255,694</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For The Fiscal Year Ended June 30, 2023

	Pension (and Other Employee Benefit) Trust Fund	Custodial Fund Firemen's Relief
<u>ADDITIONS</u>		
Contributions:		
Employer	\$ 18,000	\$ -
Total contributions	<u>18,000</u>	<u>-</u>
Investment earnings:		
Interest	53	5,808
Net increase (decrease) in the fair value of investments	<u>47,208</u>	<u>(1,333)</u>
Total investment earnings	47,261	4,475
Less investment expense	<u>-</u>	<u>-</u>
Net investment earnings	<u>47,261</u>	<u>4,475</u>
Collections for participants or beneficiaries	-	14,433
Total additions	<u>65,261</u>	<u>18,908</u>
<u>DEDUCTIONS</u>		
Administrative expenses	57	-
Benefits paid to participants or beneficiaries	-	16,250
Payments on behalf of beneficiaries	-	-
Intergovernmental payable - Firemen's Relief Fund	<u>-</u>	<u>-</u>
Total deductions	<u>57</u>	<u>16,250</u>
Net change in net position	65,204	2,658
Net position:		
Beginning of year	275,652	253,036
End of year	<u>\$ 340,856</u>	<u>\$ 255,694</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Kill Devil Hills have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town of Kill Devil Hills, North Carolina, is a municipal corporation that is governed by an elected mayor and a four member council. As required by generally accepted accounting principles, these financial statements present the Town of Kill Devil Hills (primary government). Component units are organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that no entities met the required GASB-39 criteria of component units.

B. Basis of Presentation – Government-Wide and Fund Financial Statements and Financial Statement Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government of the Town. These statements include the financial activities of the overall government. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and major enterprise funds, each displayed in a separate column. The Town reports no non-major funds.

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

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

The Town reports the following major governmental funds:

General Fund. The General Fund is the primary 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, sales taxes, state-shared revenues, occupancy tax and various other taxes and licenses. The primary expenditures are for general government services, public safety, transportation, public works and environmental protection. Additionally, the Town has legally adopted a Capital Reserve Fund, a fund that is designated for future capital projects, and is consolidated into the General Fund.

2022 Beach Nourishment Capital Project Fund. This fund is used to account for the beach nourishment project that began in FY 2022.

ARP Special Revenue Fund. This fund is used to account for American Rescue Plan Funds distributed by the Coronavirus State and Local Fiscal Recovery Funds program.

The Town reports no non-major governmental funds.

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water operations. The Water Capital Reserve Fund has been consolidated into the Water Fund for reporting purposes.

Wastewater Fund. This fund is used to account for the Town's wastewater operations. The Wastewater Capital Reserve Fund has been consolidated into the Water Fund for reporting purposes.

The Town reports the following fiduciary funds:

Pension (and Other Employee Benefit) Trust Fund. The Town maintains one Pension (and Other Employee Benefit) Trust Fund, the Other Post-employment Benefit Fund. Pension (and Other Employee Benefit) Trust Funds are used to report fiduciary activities for pension plans and OPEB plans that are administered through trusts that meet certain criteria. The Other Post-employment Benefit Fund accounts for the Town's contributions for health care coverage provided to qualified retirees (the Healthcare Benefits Plan) and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust.

Custodial Fund. Custodial funds are used to report fiduciary activities that are not required to be reported in Pension (and Other Employee Benefit) Trust Funds, Investment Funds or Private-Purpose Trust Funds. Custodial funds are used to account for assets the Town holds on behalf of others that meet certain criteria. The Town maintains one Custodial fund, the Firemen's Relief fund, that accounts for funds received by the Firemen's Relief Board to be used in accordance with G.S. 58-84 and G.S. 58-85.

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.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

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 the 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 program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's 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 wastewater systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within ninety days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, North Carolina state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in the state. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts, including the Town of Kill Devil Hills. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Kill Devil Hills because the tax is levied by Dare County then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

D. Budgetary Information

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year end. Capital Reserve ordinances have been adopted for the Capital Reserve Fund, and a revised budget is amended as reserve funds have been used. A project ordinance has been adopted for the 2022 Beach Nourishment Capital Project Fund and the American Rescue Plan Special Revenue Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 for the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The Town Manager by law is the budget officer in the council-manager form of government. On or before April 30 of each year, department heads must submit proposed budget requests to the Town Manager for budget preparation. The budget is presented by fund and department. As specified in the budget ordinance, the budget is adopted on a departmental level with line items or object of expenditures being presented for detail purposes only. The budget includes information for the past year, estimates for the current year, and requested appropriations for the next fiscal year.

The budget officer is authorized to transfer amounts between objects of expenditures within a department without limitation and without a report being requested. The budget officer may not transfer any amounts between departments of the same fund, with the exception of those departments presided over by the same department head; for example, amounts may be transferred from the Police department to the Animal Control department because they are presided over by the same department head. Any transfers such as these shall be reported to the governing board at its next meeting and shall be entered into the minutes. The budget officer may not transfer any amount between funds or from any contingency appropriation within any fund.

Revenues may be amended during the year for unforeseen revenues such as grant monies. These amendments must meet board approval. Revenues from taxes levied may not be amended once the tax rate is set. During the year several amendments to the original budget were necessary.

Expenditures may not legally exceed budgeted appropriations at the departmental level. The budget as presented in the General Fund is at the departmental level. Several departmental budgets may exist within each function of the General Fund. Debt service expenditures are budgeted annually within each department.

As required by G.S.159-26 (d), the Town maintains encumbrance accounts that are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if open purchase orders and unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

E. Assets, Liabilities, Deferred 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 [N.C.G.S. 159-31]. The Town 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.

North Carolina state law [N.C.G.S. 159-30(c)] authorizes the Town 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 prime quality issues of commercial paper and the North Carolina Capital Management Trust (NCCMT).

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC – registered (2a-7) external investment pool, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average of maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at cost.

G.S. 159-30.1 allowed the Town to establish an irrevocable Other Post Employment Benefit (OPEB) Trust Fund managed by the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. The State Treasurer, in his discretion, may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as allowed by G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Funds (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the State Treasurer's Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

At June 30, 2023 the Town's OPEB Trust had \$340,856 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's OPEB Trust was invested as follows: State Treasurer's Short Term Investment Fund (STIF) .07%, which is reported as cash and cash equivalents; and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund (EIF) 99.93% (the equities were split with 58.82% in domestic securities and 41.18% in international securities).

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs, other than quoted prices, included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023 of 0.7 years.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 8.70 years at June 30, 2023.

The BlackRock MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2023 the fair value of the funds was \$31.815788 per share. Fair value for this BlackRock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

2. Cash and Cash Equivalents

The Town pools money from several funds except the Post-employment Benefit (Pension and Other Employee Benefit trust) Fund to facilitate disbursement and investment and to maximize investment income. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents. Certificates of deposit are deemed cash equivalents regardless of their maturity because they are convertible to known amounts of cash and present no significant risk of changes in value.

3. Restricted Assets

The unexpended installment financing proceeds of the General Fund are classified as restricted assets for the General Fund. Their use is completely restricted to the purpose for which the installment financing was obtained. Money in the Capital Reserve Fund is also classified as restricted assets because its use is restricted to the Capital Reserve Fund per NC G.S. Chapter 159, Article 3, Part 2. 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 G.S. 136-41.1 through 136-41.4. Federal Forfeiture Funds are classified as restricted cash because they can be expended only for the purposes of Police criminal matters. Finally, North Carolina unauthorized controlled substance excise taxes are classified as restricted assets for the General Fund. Their use is completely restricted for Police drug related training. Unexpended project funds in the 2022 Beach Nourishment Capital Project Fund are classified as restricted assets because they must be expended for the purpose of completing this project. In Business-type activities, System Development Fees in the Capital Reserve Funds are restricted assets for extension and replacement for the water and wastewater system per Session Law 1985-716. Water Fund and Wastewater Fund customer deposits held by the Town (before any services are supplied) are restricted to the service for which the deposit was collected.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Restricted Cash

Governmental Activities

General Fund

Unexpended lease proceeds	\$	1,968,692
Capital Reserve Fund		4,775,490
Powell Bill		19,001
Unauthorized controlled substance excise tax		18,285
Federal forfeiture funds		18,836
		<u>6,800,304</u>

Beach Nourishment Capital Project Fund - Unexpended Project Funds

345,876

Total Governmental Activities

7,146,180

Business-type Activities

Water Fund

Customer deposits		715,249
Extension and Replacement		228,341
		<u>943,590</u>

Wastewater Fund

Customer deposits		27,936
Extension and Replacement		37,674
		<u>65,610</u>

Total Business-type Activities

1,009,200

Total Restricted Cash

\$ 8,155,380

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2022

4. Ad Valorem Taxes Receivable

In accordance with State law [N.C.G.S. 105-347 and N.C.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, 2022. The taxes were collected throughout the fiscal year, from August through June.

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.

6. Inventories and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement of Activities the cost of these inventories is expensed as the items are used.

The inventories of the Town's Enterprise Funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when the inventory is consumed 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.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

7. Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of three years. Minimum capitalization costs are as follows: land, \$1; office furniture and equipment, \$5,000; vehicles, \$5,000; machinery and equipment (non-computer), \$5,000; computer equipment and software, \$5,000; buildings and improvements, \$5,000; animals, \$5,000; meters, \$5,000; and infrastructure, \$100,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. 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.

The Town's capital assets also include certain intangible right-to-use assets. These intangible right-to-use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The intangible right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The intangible right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The intangible right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The intangible right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Plant	20 – 40 years
Improvements	10 – 40 years
Machinery and Equipment (non-computer)	5 – 10 years
Vehicles	5 – 7 years
Office furniture and equipment	5 – 10 years
Computer equipment	3 – 5 years
Animals	5 years
Streets	15 - 25 years
Meters	20 - 40 years
Water Rights	40 years

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension and OPEB deferrals in the 2023 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 assets that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category- license receivable, property taxes receivable, and pension and OPEB deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

10. Compensated Absences

The overtime compensation policies of the Town allow for overtime compensation to be provided in the form of compensatory time off earned at time and one half (for hours worked over 40 hours per week) which can be accumulated up to a total of 240 hours. Accumulated overtime compensation in excess of 240 hours is paid (certain exceptions allow for 480 hours).

The vacation policies of the Town allow regular employees to earn vacation leave from the beginning of employment at the rate of one day per month (12 days per year) for the first 5 years of employment. Regular employees with five or more years but less than 10 years of service earn vacation leave at the rate of one and one quarter days per month (15 days per year); with 10 or more years but less than 15 years of service at the rate of one and one half days per month (18 days per year); with 15 or more years but less than 20 years of service at the rate of 1 and three quarters days per month (21 days per year); with 20 years or more of service at the rate of 2 days per month (24 days per year). The vacation policy of the Town provides for the accumulation of up to thirty days 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 using 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.

The Town's sick leave policy provides 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 the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

11. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated \$2,337,008 of fiscal recovery funds to be paid in two equal installments. The first installment of \$1,168,504 was received in August 2021 and the second installment of \$1,168,504 was received in August 2022. The Town elected the standard allowance and used the funds as revenue replacement to cover law enforcement salaries in FY 2022-23.

12. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable 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.

Prepaid items – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid items, 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 [N.C.G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for Police from drug forfeiture funds.

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 Capital Reserve Fund – portion of fund balance that is restricted by State Statute [N.C.G.S. 159-18] for a legally adopted capital reserve fund which has been consolidated with the General Fund due to GASB 54. This amount represents capital reserve funds for use for recreation, street, and shoreline projects.

Restricted for Beach Nourishment – portion of fund balance that is restricted by revenue source for completion of the 2022 Beach Nourishment project.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes as imposed by a resolution adopted by a majority vote of the Town of Kill Devil Hills' governing board. Any changes or removal of specific purposes requires a resolution adopted by a majority action by the governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that the Town of Kill Devil Hills intends to use for specific purposes as determined by the Town of Kill Devil Hills' Board of Commissioners.

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 Board of Commissioners approves the appropriation.

Unassigned fund balance – the residual classification for the Town's General Fund includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Kill Devil Hills has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: lease purchase 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 in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is the best interest of the Town.

Each year during budget preparation the Board of Commissioners provides verbal guidance on the Town's minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 35% of budgeted expenditures. The minimum fund balance amount may change each year at the discretion of the Board depending on budget projections.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

13. Pension and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Kill Devil Hills' employer contributions are recognized when due and the Town of Kill Devil Hills has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's Post-employment Healthcare Benefit Plan (HCB) and additions to/deductions from the net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with benefit terms. Investments for both plans are reported at fair value.

14. Estimates

The Town of Kill Devil Hills' management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

F. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$17,052,357 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 69,147,650
Less accumulated depreciation	(32,334,037)
Less accumulated amortization	<u>(16,700)</u>
Net capital assets	\$36,796,913
Deferred outflows of resources related to pensions/OPEB are not reported in the funds	4,755,610
Liabilities for earned revenues considered deferred inflows on resources in fund statements	60,468
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Installment financings payable and right-to-use assets	\$ (7,556,386)
Compensated absences	(979,055)
Net Pension Liability	(5,051,023)
Net other post-employment benefits liability	(8,340,044)
Total Pension Liability (LEO)	<u>(1,445,325)</u>
	(23,371,833)
Deferred inflows of resources related to pension/OPEB are not reported in the funds	(1,107,583)
Other long-term liabilities (accrued interest) are not due and payable in current period and, are deferred in the funds.	<u>(81,218)</u>
Net adjustment	<u>\$ 17,052,357</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$5,904,419 as follows:

<u>Description</u>	<u>Amount</u>
--------------------	---------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures recorded in the fund statements capitalized as assets in the statement of activities	\$ 7,394,148	
Trade in value of equipment	30,000	
Loss on disposal of asset	(852)	
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	<u>(4,110,139)</u>	
		\$ 3,313,157

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.

LGERS	977,178	
LEOSSA	<u>49,212</u>	
		1,026,390

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in tax revenue	(1,291)
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The issuance of long-term debt (e.g., direct borrowing, direct placement) 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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Debt issued or incurred:			
New debt issued	\$	(2,077,134)	
Accrued interest payable		<u>(3,346)</u>	
		(2,080,480)	
Debt written off		8,260	
Principal payments		<u>5,539,308</u>	
			3,467,088
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		(46,082)	
Pension expense - LEOSSA		(160,034)	
Pension expense - LGERS		(1,490,523)	
OPEB expense		<u>(204,286)</u>	
			(1,900,925)
Net adjustment			<u>\$ 5,904,419</u>

G. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the Federal Depository Insurance Coverage (FDIC) level are collateralized with securities held by the Town's agent in the Town's name. 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 as a fiduciary for the Town, these deposits are considered to be held by the Town's agent in the Town's name. 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

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 has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of N.C.G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of \$2,201,811 and a bank balance of \$2,830,254. Of the bank balance, \$750,000 was covered by Federal Depository Insurance and \$2,080,254 was covered by collateral held under the pooling method. The Town had petty cash on hand at June 30, 2023, totaling \$2,000.

2. Investments

At June 30, 2023, the Town had the following investments and maturities. This schedule assumes that callable investments will not be called.

Investment Type	Valuation Method	Book Value		Investment Maturities in Years			
		at 6/30/23		<= .75	>.75 to 3	>3 to 5	>5 to 10
US Treasuries	Fair Value - Level 1	\$ 3,184,961	\$ 3,184,961				
U.S. Government Agencies	Fair Value - Level 2	\$ 22,099,507	\$ 1,915,533	\$15,652,013	\$ 1,837,636	\$ 2,694,325	
Commercial Paper	Amortized Cost	\$ 5,815,118	5,815,118				
NC Capital Management Trust							
Government Portfolio	Fair Value - Level 1	\$ 6,208,018	6,208,018				
Investment Totals		<u>\$ 37,307,604</u>	<u>\$ 17,123,630</u>	<u>\$15,652,013</u>	<u>\$ 1,837,636</u>	<u>\$ 2,694,325</u>	
Actual % of portfolio			45.90%	41.95%	4.93%	7.22%	
Actual cumulative % of portfolio			87.85%	92.78%	100.00%		
Minimum cumulative per policy			50.00%	70%	90%		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

¹ The NC Capital Management Trust Term Portfolio had a duration of .15 years and is therefore presented as an investment with a maturity of less than 6 months.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's Investment Policy states that 40% should mature in 9 months but requires maturities of at least 50% in less than 3 years, at least 70% in less than 5 years, at least 90% in less than 10 years, and 100% in less than fifteen years. The Town's Internal Management Policy also requires purchases of securities to be laddered with staggered maturity dates. During the year no investments were sold for a realized gain or loss.

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and the Town's Investment Policy require that commercial paper bear the highest rating of at least one nationally recognized statistical rating organizations. The Town's investments in US agencies, Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Banks, and Federal Home Loan Mortgage Corporation were rated AAA by Standard and Poor's and AAA by Moody's Investors Services. The Town's investment in the NC Capital Management Trust Government Portfolio, carried a credit rating of AAA by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2023.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's formal policy requires that the Town utilize a third-party custodial agent for book entry transactions, all of which are to be a trust department authorized to do trust work in North Carolina and has an account with the Federal Reserve. Certified securities are to be in the custody of the Finance Director.

Concentration of Credit Risk. The Town's investment policy limits the amount that the Town may invest in any one issuer, except for U.S. Treasury securities and the North Carolina Capital Management Trust, to 30% of total investments. Investments which are restricted further are commercial paper, limited to no more than 25% of total investments and no more than \$3,000,000 in a single issuer. More than 5% of the Town's investments are in US Treasuries (8.24%), Federal Home Loan Mortgage Corporation (14.72%), Federal Home Loan Bank (21.11%), Federal Farm Credit Banks (15.10%), and Federal National Mortgage Association (10.06%).

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

3. Receivables - Allowance for doubtful Accounts

	Accounts Receivable	Taxes and Related Accrued Interest	Accrued Interest Receivable	Due from Other Governments	Total
Governmental activities:					
General	\$ 69,454	\$ 60,812	\$ 160,002	\$ 2,854,428	\$ 3,144,696
Other governmentals	-	-	2,107	4,673	6,780
Total receivables	69,454	60,812	162,109	2,859,101	3,151,476
Allowance for doubtful accounts	-	(344)	-	-	(344)
Total governmental activities	<u>\$ 69,454</u>	<u>\$ 60,468</u>	<u>\$ 162,109</u>	<u>\$ 2,859,101</u>	<u>\$ 3,151,132</u>
Business-type activities:					
Water	\$ 1,075,043	\$ -	\$ 64,486	\$ -	\$ 1,139,529
Wastewater	48,181	-	570	-	48,751
Total receivables	1,123,224	-	65,056	-	1,188,280
Allowance for doubtful accounts	(7,184)	-	-	-	(7,184)
Total business-type activities	<u>\$ 1,116,040</u>	<u>\$ -</u>	<u>\$ 65,056</u>	<u>\$ -</u>	<u>\$ 1,181,096</u>

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
Governmental activities:			
Sales and use tax distribution	\$ -	\$ 688,285	\$ 688,285
Officer court fees	121	-	121
Solid waste fees	-	1,560	1,560
Land transfer tax distribution	299,249	-	299,249
Sales tax refund	-	162,805	162,805
Occupancy taxes	1,093,798	-	1,093,798
Property taxes	49,181	-	49,181
CAMA permits	-	55	55
FEMA beach nourishment grant	263,736	87,911	351,647
Reimbursement from Dare County	4,673	-	4,673
AFG radio grant	2,176	-	2,176
Crime commission grant	1,850	-	1,850
Dare county fuel reimbursement	3,701	-	3,701
Dare County tourism board grant	200,000	-	200,000
Total governmental activities	<u>\$ 1,918,485</u>	<u>\$ 940,616</u>	<u>\$ 2,859,101</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

4. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government

	June 30, 2022	Increases	Decreases	June 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 756,729	\$ -	\$ -	\$ 756,729
Construction in progress	6,126,419	932,204	5,106,091	1,952,532
Total capital assets, not being depreciated	6,883,148	932,204	5,106,091	2,709,261
Capital assets, being depreciated:				
Buildings	14,632,784	179,763	5,841	14,806,706
Other improvements	14,891,527	6,567,645	46,233	21,412,939
Machinery and equipment	2,640,121	359,397	203,641	2,795,877
Vehicles	8,918,345	1,345,382	398,612	9,865,115
Office furniture and equipment	878,339	16,313	-	894,652
Animals	21,274	-	-	21,274
Streets	13,469,760	3,104,004	-	16,573,764
Total capital assets, being depreciated	55,452,150	11,572,504	654,327	66,370,327
Less accumulated depreciation for:				
Buildings	4,495,369	358,723	4,989	4,849,103
Other improvements	10,658,660	2,005,152	46,233	12,617,579
Machinery and equipment	2,282,521	141,736	203,641	2,220,616
Vehicles	6,658,693	799,484	398,612	7,059,565
Office furniture and equipment	484,345	54,118	-	538,463
Animals	18,083	3,191	-	21,274
Streets	4,293,379	734,058	-	5,027,437
Total accumulated depreciation	28,891,050	4,096,462	653,475	32,334,037
Total capital assets, being depreciated, net	26,561,100	7,476,042	852	34,036,290
Capital Assets Being Amortized:				
Intangible Right-to-use assets:				
Leased equipment	42,533	-	-	42,533
IT subscriptions	-	25,528	-	25,528
Total capital assets being amortized	42,533	25,528	-	68,061
Less accumulated amortization for:				
Leased equipment	3,023	8,507	-	11,530
IT subscriptions	-	5,170	-	5,170
Total accumulated amortization	3,023	13,677	-	16,700
Total capital assets, being amortized, net	39,510	11,851	-	51,361
Governmental activities capital assets, net	\$ 33,483,758	\$ 8,420,097	\$ 5,106,943	\$ 36,796,913

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

	June 30, 2022	Increases	Decreases	June 30, 2023
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 224,814	\$ -	\$ -	\$ 224,814
Construction in progress	1,348,977	5,077	1,348,977	5,077
Total capital assets, not being depreciated	1,573,791	5,077	1,348,977	229,891
Capital assets, being depreciated/amortized:				
Buildings	432,323	-	-	432,323
Plant	6,935,052	-	312,716	6,622,336
Other improvements	17,388,589	2,061,813	90,457	19,359,945
Machinery and equipment	915,107	197,102	194,522	917,687
Vehicles	318,675	-	-	318,675
Office furniture and equipment	154,510	-	-	154,510
Meters	1,830,590	-	-	1,830,590
Total capital assets, being depreciated	27,974,846	2,258,915	597,695	29,636,066
Less accumulated depreciation/amortization for:				
Buildings	393,838	2,682	-	396,520
Plant	1,918,977	144,549	177,680	1,885,846
Other improvements	9,548,195	306,280	90,457	9,764,018
Machinery and equipment	771,508	48,948	192,107	628,349
Vehicles	284,617	11,419	-	296,036
Office furniture and equipment	110,376	18,343	-	128,719
Meters	896,318	73,079	-	969,397
Total accumulated depreciation/amortization	13,923,829	605,300	460,244	14,068,885
Total capital assets, being depreciated, net	14,051,017	1,653,615	137,451	15,567,181
Capital Assets Being Amortized:				
Water Rights	3,610,620	-	-	3,610,620
Intangible Right-to-use assets:				
Leased equipment	2,664	13,550	2,664	13,550
Total capital assets being amortized	3,613,284	13,550	2,664	3,624,170
Less accumulated amortization for:				
Water Rights	2,896,735	90,266	-	2,987,001
Right to use assets:				
Leased equipment	533	2,583	2,664	452
Total accumulated amortization	2,897,268	92,849	2,664	2,987,453
Total capital assets, being amortized, net	716,016	(79,299)	-	636,717
Business-type activities capital assets, net	\$ 16,340,824	\$ 1,579,393	\$ 1,486,428	\$ 16,433,789

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,391,942
Public safety	384,780
Transportation	864,190
Public works	10,740
Environmental protection	<u>444,810</u>
Total depreciation expense - governmental activities	<u>4,096,462</u>
Governmental activities:	
General government	<u>13,677</u>
Total amortization expense - government activities	<u>13,677</u>
Total depreciation and amortization expenses - government activities	<u>\$ 4,110,139</u>
Business-type activities:	
Water	\$ 601,299
Wastewater	<u>4,001</u>
Total depreciation expense - business-type activities	<u>605,300</u>
Business-type activities:	
Water	<u>92,849</u>
Total amortization expense - business-type activities	<u>92,849</u>
Total depreciation and amortization expenses - business-type activities	<u>\$ 698,149</u>

5. Construction commitments

The Town has active construction projects as of June 30, 2023. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Meekins Field Improvements	\$ 1,478,866	\$ 130,093
Seminole, Indian and 158 drainage improvements	95,307	1,283,251
Wright Brothers Sidewalk	<u>383,436</u>	<u>39,554</u>
	<u>\$ 1,957,609</u>	<u>\$ 1,452,898</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

B. Liabilities

1. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2023, were as follows:

	General Fund
Salary and employee benefits	\$ 472,441
Other	209,228
Total accrued liabilities	<u>\$ 681,669</u>

2. Pension Plan and Post–Employment Obligations

a. North Carolina Local Governmental Employees' Retirement System.

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

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

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Kill Devil Hills 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 Kill Devil Hills' contractually required contribution rate for the year ended June 30, 2023, was 13.10% of compensation for law enforcement officers and 12.10% 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 Kill Devil Hills were \$1,107,660 for the year ended June 30, 2023.

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, 2023, the Town reported a liability of \$5,725,485 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.10149%, which is an increase of 0.00515% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$1,689,553. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,706	\$ 24,188
Changes of assumptions	571,275	-
Net difference between projected and actual earnings on pension plan investments	1,892,333	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	147,135	-
Town contributions subsequent to the measurement date	1,107,660	-
Total	<u>\$ 3,965,109</u>	<u>\$ 24,188</u>

\$1,107,660 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 906,824
2025	770,143
2026	254,751
2027	901,543
2028	-
Thereafter	-
	<u>\$ 2,833,261</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

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, 2022 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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 10,333,764	\$ 5,725,485	\$ 1,927,996

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

b. Law Enforcement Officers Special Separation Allowance.

1. Plan Description:

The Town of Kill Devil Hills administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .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, 2021 (the valuation date), the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>28</u>
Total	<u>30</u>

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

3. Actuarial Assumptions:

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate is the S & P Municipal Bond 20-year High Grade Rate Index.

Mortality rates use Pub-2010 amount weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

4. Contributions:

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$48,791 as benefits came due for the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$ 1,445,325. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$160,034.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,075	\$ 79,774
Changes of assumptions	224,400	274,480
Town benefit payments subsequent to the measurement date	21,444	-
Total	\$ 439,919	\$ 354,254

\$21,444 reported as deferred outflows of resources related to pension resulting from benefits payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 45,304
2025	49,760
2026	17,601
2027	(14,531)
2028	(24,552)
Thereafter	(9,361)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.31 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 (3.31 percent) or one percentage point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Town's pension liability	\$1,574,949	\$1,445,325	\$1,328,165

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

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

Total pension liability December 31, 2021	\$ 1,536,899
Changes for the year:	
Service cost at end of year	82,984
Interest	34,003
Change in benefit terms	-
Differences between expected and actuarial experience	124,432
Changes of assumptions and other inputs	(281,675)
Benefit payments	(51,318)
Other changes	-
Net changes	<u>(91,574)</u>
Total Pension liability December 31, 2022	<u>\$ 1,445,325</u>

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,689,553	\$ 160,034	\$ 1,849,587
Pension Liability	5,725,485	1,445,325	7,170,810
Proportionate share of the net pension liability	0.10149%	n/a	-
Deferred Outflows of Resources			
Differences between expected and actual experience	246,706	194,075	440,781
Changes of assumptions	571,275	224,400	795,675
Net difference between projected and actual earnings on plan investments	1,892,333	-	1,892,333
Changes in proportion and differences between contributions and proportionate share of contributions	147,135	-	147,135
Benefit payments and administrative costs paid subsequent to the measurement date	1,107,660	21,444	1,129,104
Deferred Inflows of Resources			
Differences between expected and actual experience	24,188	79,774	103,962
Changes of assumptions	-	274,480	274,480

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

c. Supplemental Retirement Income Plan (457-B) for Law Enforcement and Non-Law Enforcement Officers.

The Town adopted a Supplemental Retirement Income Plan, a defined contribution plan, for all employees beginning May 13, 2013. The Town does not, and has no requirement or obligation under North Carolina General Statutes to contribute to the Plan. All contributions are voluntarily made by employees. Total contributions for the year ended June 30, 2023 were \$21,160, consisting of \$21,160 from the non-law enforcement officers and \$0 from law enforcement officers.

d. Other Post - Employment Benefits – Health Benefits

Cobra Benefits. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Town provides health care benefits to eligible former employees and eligible dependents. The federal government outlines certain requirements for this coverage. The premium plus a 2% administration fee is paid in full by the insured. This program is offered for a duration of up to three years depending on specific circumstances.

e. Supplemental Retirement Income Plan (401-K) for Law Enforcement Officers.

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of N.C.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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, NC 27699-1410, or by calling (919)981-5454.

Funding Policy. Article 12E of N.C.G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2023 were \$156,680 which consisted of \$103,585 from the Town and \$53,095 from law enforcement officers. The contributions made by the Town equaled the required contributions for each year.

f. Supplemental Retirement Income Plan (401-K) for Non-Law Enforcement Officers.

The Town adopted a Supplemental Retirement Income Plan, a defined contribution plan, for employees, other than law enforcement, beginning January 31, 1991. The Town contributes an amount equal to 3% of each employee's salary plus an additional 2% matching contribution (excluding law enforcement officers), and all amounts contributed are vested immediately. The Town has no requirement or obligation under North Carolina General Statutes to contribute to the Plan. Employees may also make voluntary contributions to the plan. Total contributions for the year ended June 30, 2023, were \$602,983 that consisted of \$333,938 from the Town and \$269,045 from employees.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

g. Other Post Employment Benefits - Health Care Benefits.

Plan Description: Under the terms of a Town resolution as of July 1, 2007, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town administers the HCB Plan through a master irrevocable trust agreement dated July 10, 2019. A Board resolution of the same date appointed the Town Manager, the Finance Director, and the Human Resources Director as trustees and granted the trustees the authority necessary to perform all the duties and obligations related to the trust. Management of the HCB is vested in the trust trustees. The Town does not issue separate HCB Plan financial statements, and all required statements and disclosures have been included within this report with the HCB Plan and irrevocable trust accounted for as a Pension Trust Fund. The significant accounting policies of the HCB are disclosed in Note 1.B.

Benefits Provided: The HCB Plan provides post-retirement health care benefits to those retired under the Local Government Employee’s Retirement System (LGERS) and have at least twenty years of creditable service to the Town. Prior to July 1, 2007, employees qualified for similar level benefits after at least five years of creditable service with the Town. The same benefits are provided for eligible dependents and spouses. This insurance terminates when the retired employee becomes eligible for Medicare; however, supplemental non-group insurance is made available. The governing board may amend the benefit provisions.

Membership of the HCB Plan consisted of the following at June 30, 2021 the date of the latest actuarial valuation:

Inactive Members or Beneficiaries Currently Receiving Benefits	47
Inactive Members Entitled To, But Not Yet Receiving Benefits	-
Active Members	113
Total Membership	<u>160</u>

Contributions: The Town contributes based on projected pay as you go financing requirements with an additional amount to prefund the benefits as determined annually during the budget process. There are no contractual terms requiring a specific funding level. For the current year, the Town contributed \$485,795 of pay as you go funding and additional \$18,000 for a total of \$503,795.

Investments: The Town Board established and may amend the HCB Plan’s policy for allocation of invested assets. Investments are valued at fair value. (Note 2.A.2.)

The following was the Town’s asset allocation policy and estimates of the rates of return for each major asset class as of June 30, 2022 and June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Index Fund Equity	100%	100%	7.10%	6.75%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Total OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation of June 30, 2021.

The components of the net OPEB liability of the Town at June 30, 2023 were as follows;

Total OPEB liability	\$9,794,545
Plan Fiduciary net position	340,857
Town's net OPEB liability	9,453,688
Plan fiduciary net position as a Percentage of the total OPEB Liability	3.48%

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	3.65 percent
Healthcare cost trend rates	Medical – 7% Prescription – 7% Admin Expenses – 3.00%

Mortality rates were based on the Pub-2010 mortality tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The discount rate used to measure the total OPEB liability was based upon the Single Equivalent Interest Rate.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of June 30, 2022	\$ 9,679,018	\$ 275,652	\$ 9,403,366
Changes for the year:			
Service Cost	392,435	-	392,435
Interest	334,113	-	334,113
Difference between expected and actual experience	(11,340)	-	(11,340)
Changes in assumptions or other inputs	(113,886)	-	(113,886)
Contributions - employer	-	503,795	(503,795)
Net investment income	-	47,205	(47,205)
Net Benefit payments	(485,795)	(485,795)	-
Net changes	115,527	65,205	50,322
Balance as of June 30, 2023	<u>\$ 9,794,545</u>	<u>\$ 340,857</u>	<u>\$ 9,453,688</u>

Changes of Assumptions. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - December 31, 2019, adopted by LGERS.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the Town's net OPEB liability calculated using the discount rate of 3.65 percent, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65 percent) or one percentage point higher (4.65 percent) than the current rate:

	1% Decrease	Discount Rate (3.65%)	1% Increase
Net OPEB liability	\$ 10,563,626	\$ 9,453,688	\$ 8,500,586

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 8,264,029	\$ 9,453,688	\$ 10,900,801

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$735,359. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 443,862	\$ 9,518
Changes of assumptions	482,993	813,908
Net difference between projected and actual earnings on plan investments	-	6,308
Total	<u>\$ 926,855</u>	<u>\$ 829,734</u>

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

Year ended June 30:

2024	\$ 82,720
2025	106,925
2026	89,719
2027	(133,960)
2028	(43,854)
Thereafter	(4,429)

3. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer state-administered cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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 other benefit amount. The Town considers these contributions to be immaterial. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2023, the Town made contributions to the State for death benefits of \$6,356. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .05% and .14% of covered payroll respectively.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

The Town has also elected to provide additional death benefits to all active employees through a commercial carrier. Benefits are equal to one times an employee's salary, based on their annual salary at July 1. Retirees are covered for a benefit amount of \$25,000 until they reach Medicare age.

4. Deferred Outflows and Inflows of Resources

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

	Statement of Net Position
Contributions to pension plan in the current fiscal year LGERS	\$ 1,107,660
Benefit payments made for LEOSA subsequent to measurement date	21,444
Benefit payments made for OPEB subsequent to measurement date	-
Differences between expected and actual experience	884,643
Changes of assumptions	1,278,668
Net difference between projected and actual earnings on plan investments	1,892,333
Changes in proportion and difference between contributions and proportionate share of contributions	147,135
Total	\$ 5,331,883

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 60,468
Privilege licenses receivable (General Fund)	-	14,920
Differences between expected and actual experience	113,480	-
Changes in assumptions	1,088,388	-
Net difference between projected and actual earning on plan investments	6,308	-
Changes in proportion and difference between contributions and proportionate share of contributions	-	-
Total	\$ 1,208,176	\$ 75,388

5. Commitments

As disclosed under lease agreements, the Town has subordinated financial claims for the Outer Banks Chamber of Commerce lease from the Town. Under the lease agreement, the Town has the right to cure should the Chamber of Commerce default on its obligation relating to improvements on the leased property. The Town has the right to assume the obligation and has full recourse against the Chamber of Commerce.

The Town was committed under various open purchase orders and contracts as of June 30, 2023 for \$4,082,821. Of that amount, \$2,914,095 relates to the General Fund, and is included in the stabilization by state statute in the fund balance section of the Combined Balance Sheet (Exhibit 3). That amount is primarily for improvements to Meekins Field, a new CAD reporting system for the Police department, a fire truck, street and sidewalk projects, and two garbage trucks.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

\$15,763 was committed in the Beach Nourishment Capital Project Fund for project cost tracking and closeout services.

\$1,152,076 was committed in the Water Fund, primarily for the Seminole Street and Indian Drive water and stormwater improvement project and materials for meter installation.

\$887 was committed in the Wastewater Fund for a gate valve for the pump station.

6. 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 three 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 \$3 million per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Program (NFIP). Because the Town is in or near an area designated as a Flood Hazard Zone due to ocean or sound waters by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP.

The Town carried a bond on its finance officer in the amount of \$150,000 until May 1, 2023, when it increased to \$1,000,000 due to enactment of G.S. 159-29(a). The Town also carried a bond on its tax collector in the amount of \$10,000. Blanket coverage for all other employees is equivalent to \$50,000 per occurrence.

7. Claims, Judgments and Contingent Liabilities

At June 30, 2023, in the opinion of the Town's management and the Town Attorney, the Town was not involved in any claims, judgments or contingent liabilities.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

8. Long-Term Obligations

a. Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On October 5, 2021, the Town entered into a 60-month lease as Lessee for the use of a Pitney Bowes postage meter in the Administration department. An initial lease liability was recorded in the amount of \$17,356. As of June 30, 2023, the value of the lease liability is \$11,391. The Town is required to make quarterly fixed payments of \$895. The lease has an implicit interest rate of 1.2480%. The equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 is \$17,356 with accumulated amortization of \$6,075.

On June 1, 2022, the Town entered into a 60 month lease as Lessee for the use of an HP plotter in the Planning department. An initial lease liability was recorded in the amount of \$25,177. As of June 30, 2023, the value of the lease liability is \$19,989. Town of Kill Devil Hills is required to make monthly fixed payments of \$450. The lease has an implicit interest rate of 2.8520%. The Equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 is \$25,177 with accumulated amortization of \$5,455.

On July 1, 2021, Town of Kill Devil Hills, NC entered into a 20-month lease as Lessee for the use of an HP plotter in the Planning department. An initial lease liability was recorded in the amount of \$5,327. This equipment was used in the Planning department for 10 months and accumulated amortization of \$2,664 was recorded. On May 1, 2022, the asset was transferred to the Water Administration department. At the time of the transfer the asset had a value of \$2,664. As of June 30, 2023, the term of the lease has ended and the value of the lease liability is zero.

On May 1, 2023, Town of Kill Devil Hills entered into a 60-month lease as Lessee for the use of an HP plotter in the Water department. An initial lease liability was recorded in the amount of \$13,550. As of June 30, 2023, the value of the lease liability is \$13,143. Town of Kill Devil Hills is required to make monthly fixed payments of \$250. The lease has an implicit interest rate of 2.682%. The Equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of June 30, 2023 is \$13,550 with accumulated amortization of \$452.

On July 1, 2021 the Town entered into an 18-month lease as Lessee for the use of Systel copiers. At the conclusion of the lease, on January 13, 2023, the Town entered into a new 48-month lease as Lessee for the use of Systel copiers. No lease asset or lease liability are recorded as there is no fixed amount of the payment. Instead outflows of resources are recognized monthly based on the number of pages printed. Non-color pages are charged at a rate of .0499 cents for the first 30,000 pages and .030 for any pages over 30,000. Color pages are charged at .079 cents per page for the first 13,500 and .065 for any pages over 13,500. A total of \$22,642 was recognized as an outflow of resources for lease of the copiers for governmental activities and \$1,677 was recognized as an outflow of resources for lease of the copiers for business-type activities.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Governmental activities:

Year ending June 30	Principal Payments	Interest Payments	Total Payments
2024	\$ 8,350	\$ 632	\$ 8,982
2025	8,535	448	8,983
2026	8,723	259	8,982
2027	5,772	73	5,845
2028	-	-	-
	<u>\$ 31,380</u>	<u>\$ 1,412</u>	<u>\$ 32,792</u>

Business-Type activities

Year ending June 30	Principal Payments	Interest Payments	Total Payments
2024	\$ 2,680	\$ 320	\$ 3,000
2025	2,753	247	3,000
2026	2,827	173	3,000
2027	2,904	96	3,000
2028	1,979	21	2,000
	<u>\$ 13,143</u>	<u>\$ 857</u>	<u>\$ 14,000</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

b. Direct Borrowing and Direct Placement Installment Purchase Contracts

In April 2014, the Town entered into a \$1,048,175 direct borrowing installment purchase contract to finance a fire truck. The interest rate was 2.12% per annum fixed. The financing contract requires twenty semi-annual payments of \$57,824 each. In January 2018, due to the corporate tax yield maintenance provision, the interest rate increased to 2.58%. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. Effective October 2018, the remaining eleven semi-annual payments are \$58,659 each.

In May 2020, the Town entered into a \$1,235,727 direct borrowing installment purchase contract to finance a variety of vehicles and equipment including two garbage trucks and police equipment. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 2.43% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. The financing contract requires eight semi-annual payments of \$161,074 each.

In May 2021, the Town entered into a \$505,613 direct borrowing installment purchase contract to finance a variety of vehicles and equipment including two garbage trucks and police equipment. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is .92% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. The financing contract requires eight semi-annual payments of \$64,221 each.

In April 2022, the Town entered into a \$1,367,448 direct borrowing installment purchase contract to finance various vehicles and equipment including police vehicles, a backhoe, dump truck, and 3 garbage trucks. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 2.41% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. The financing contract requires eight semi-annual payments of \$178,182 each.

In April 2023, the Town entered into a \$1,262,906 direct borrowing installment purchase contract to finance various vehicles and equipment including police vehicles, police utility vehicle, police software, pick up truck, utility tractor, grapple attachment and 2 commercial garbage trucks. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 4.20% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. Unexpended proceeds at June 30, 2023 equaled \$1,176,839. The financing contract requires eight semi-annual payments of \$169,582 each.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

In April 2023, the Town entered into a \$791,838 direct borrowing installment purchase contract to finance the purchase of a fire truck. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 4.13% per annum fixed. The money was placed in an interest-bearing account until the related asset is acquired. Unexpended proceeds at June 30, 2023 equaled \$791,853. The financing contract requires fourteen semi-annual payments of \$64,378 each.

In October 2015, the Town entered into a direct borrowing installment purchase contract with a financial institution for \$2,337,660 over 15 years at a fixed rate of 2.68%. The agreement provided financing for Phase II improvements of the Town's Public Works Complex. This property is pledged as collateral for the debt while the debt is outstanding.

In January 2019, the Town entered into a direct borrowing installment purchase contract with a financial institution for \$4,564,956 over 15 years at a fixed rate of 4.07%. The agreement provided financing for Phase III improvements of the Town's Public Works Complex. This property is pledged as collateral for the debt while the debt is outstanding.

In July 2021, the Town entered into a contract for a financed purchase for \$233,155 over 5 years at an implicit rate of 1.25%. The agreement provides for installment financing of body cameras for the police department, requiring an initial payment of \$5,815 and five annual payments of \$45,468.

In December 2021, the Town issued direct placement special obligation bonds in the amount of \$593,224 under a five-year installment financing agreement with PNC Bank to fund a portion of beach nourishment costs. The financing contract requires semi-annual interest payments beginning in June 2022, and annual principal payments beginning in December 2022 with fixed interest rate of 1.92% for 5 years. The debt is secured by that portion of the 1% Land Transfer Tax authorized by House Bill 882 distributed from Dare County to the Town.

In December 2021, the Town issued variable rate special obligation bonds in the amount of \$3,638,169 under a one-year financing agreement with PNC Bank to fund a portion of beach nourishment costs. The financing contract required quarterly interest payments beginning in January 2022 and one principal payment in December 2022 using proceeds received from the US Department of Homeland Security's Federal Emergency Management Agency (FEMA) grant. Because proceeds from FEMA were not received by December 2022, the bond was extended for one additional year at an interest rate of 5.06%. This debt was paid in full in April 2023. The debt was secured by amounts received by the Town from the State of North Carolina as approved pursuant to a FEMA federal grant associated with Hurricane Dorian and amounts on deposit in the Kill Devil Hills FEMA Beach Nourishment 2021B loan fund and Kill Devil Hills FEMA Beach Nourishment 2021B sinking fund.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

Annual debt service payments on these installment purchases of June 30, 2023 including principal and interest are as follows (Governmental Activities):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$1,700,377	\$240,363
2025	1,445,747	192,200
2026	1,230,023	146,678
2027	857,655	106,974
2028	577,621	81,080
2029-2032	1,700,942	127,432
	<u>\$7,512,365</u>	<u>\$894,727</u>

In March 2010, the Town entered into a direct borrowing installment purchase contract with The North Carolina Department of Environment and Natural Resources for a water project in the principal sum of \$112,522. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the unpaid principal sum was immediately reduced by one half of the loan amount as principal forgiveness. Interest on the balance of \$56,261 accrues at 0% over a period of twenty years.

Annual debt service requirements for Purchase Contracts as of June 30, 2023, are as follows (Business-type Activities):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	2,813	-
2025	2,813	-
2026	2,813	-
2027	2,813	-
2028	2,813	-
2029-2030	5,625	-
	<u>\$19,690</u>	<u>\$ -</u>

c. Subscriptions

For the year ended June 30, 2023 the Town implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

During the current year the Town entered into a new Subscription for a web-based strategy for managing debt, leases and subscriptions. The term of the agreement is two years. The Subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 2.85% was used to discount the subscription payments. The initial liability for the subscription was \$22,390. The liability balance remaining at June 30, 2023 was \$12,640.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

During the current year the Town entered into a new Subscription for Sonicwall Advanced Gateway Security. The term of the agreement is two years. The Subscription was paid in full for a total of \$3,138. Therefore, there is no liability associated with the Subscription.

Governmental activities:

Year ending June 30	Principal Payments	Interest Payments	Total Payments
2024	\$ 12,640	\$ 360	\$ 13,000
	\$ 12,640	\$ 360	\$ 13,000

d. Legal Debt Margin

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the Town's boundaries. The legal debt margin for the Town of Kill Devil Hills is \$237,631,612. The Town had no outstanding bonded debt subject to the limitation at June 30, 2023.

e. Changes in General Long-Term Debt

The following is a summary of changes in general long-term debt for the year ended June 30, 2023:

	June 30, 2022	Increases	Decreases	June 30, 2023	Current Portion of Balance
Government activities:					
Direct Borrowing Installment Purchase	\$ 6,755,878	\$ 2,054,744	\$ 1,772,835	\$ 7,037,786	\$ 1,581,732
Direct Placement Installment Purchase	4,231,393	-	3,756,814	474,579	118,645
Compensated absences-net	932,973	805,719	759,637	979,055	700,000
Lease Liability	39,549	-	8,169	31,380	8,350
SBITA Liability	-	22,390	9,750	12,640	12,640
Net Pension Liability (LGERS)	1,303,421	3,747,602	-	5,051,023	-
Total Pension Liability (LEO)	1,536,899	-	91,574	1,445,325	48,985
Net OPEB Liability	8,295,650	44,394	-	8,340,044	-
Total	\$ 23,095,763	\$ 6,674,849	\$ 6,398,779	\$ 23,371,833	\$ 2,470,352
Business-type activities:					
Direct Borrowing Installment Purchase	\$ 22,504	\$ -	\$ 2,814	\$ 19,690	\$ 2,813
Compensated absences-net	97,209	117,548	105,204	109,554	90,000
Lease Liability	2,131	13,550	2,538	13,143	2,680
Net Pension Liability (LGERS)	174,045	500,417	-	674,462	-
Net OPEB Liability	1,107,716	5,929	-	1,113,644	-
Total	\$ 1,403,605	\$ 637,444	\$ 110,556	\$ 1,930,493	\$ 95,493

Compensated absences for governmental and business-type activities have typically been liquidated in the General Fund and Water Fund respectively, and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. For governmental activities, the net pension liability and net OPEB liability are liquidated by the General Fund.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

9. Interfund Receivables, Payables, and Transfers

Interfund		
Receivable/Payable:		
Receivable Fund	Payable Fund	Amount
Water Fund	Wastewater Fund	\$ 427,011

The Town was forced into receivership of the Ocean Acres Wastewater Treatment System (OAWWTS) in 1985 as it was severely out of compliance with its permit and company finances were in arrears. Following was a long and complicated history that in 2005 finally resulted in the Town's ability to eliminate the OAWWTS in favor of connecting all customers to the privately-owned Kill Devil Hills Wastewater Treatment Plant, LLC, thus increasing the customer base which will eventually allow for repayment of this loan.

Transfers to/from other funds at June 30, 2023, consist of the following:

From general fund to capital reserve fund (for capital projects) \$1,713,148
 From wastewater fund to water fund (to repay wastewater debt) \$18,750
 From special revenue fund to general fund (for revenue replacement) \$2,363,588

10. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2023, the Town has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$13,456 for the 17 volunteer firefighters and the 20 employed firefighters who perform firefighting duties for the Town's Fire Department. The volunteers and employees elected to be members of the Firemen's and Rescue Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Pension Fund is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

11. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 36,796,913	\$ 16,433,789
(less): long-term debt net of unexpended debt proceeds	(5,587,693)	(32,833)
Net investment in capital asset	\$ 31,209,220	\$ 16,400,956

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

12. 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	\$ 30,615,424
Less:	
Inventories	232,035
Prepaid items	1,037
Stabilization by State statute	5,983,058
Public Safety	37,121
Streets-Powell Bill	19,001
Capital Reserve Fund	4,775,490
Appropriated Fund Balance in 2024 budget	853,047
Working Capital/Fund Balance Policy	8,690,864
Remaining Fund Balance	<u>\$ 10,023,771</u>

Each year during budget preparation the Board of Commissioners provides verbal guidance on the Town's minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 35% of budgeted expenditures. The minimum fund balance amount may change each year at the discretion of the Board depending on budget projections.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Other Major Funds	Enterprise Funds
	\$ 2,914,095	\$ 15,763	\$ 1,152,963

NOTE 3. LEASE AGREEMENT

The Town entered into a lease agreement to rent land on the Baum Tract to the Outer Banks Chamber of Commerce (lessee) in April 1986. The term of the lease was for ten consecutive years and the Town received rent from the lessee of \$100 per month for the term of the lease. The lease has a renewal option of ten additional years that can be exercised for five successive terms. This lease was renewed in April 1996 for an additional ten years, renewed again in March 2006 for a second renewal of ten years, and renewed in February 2016 for the third renewal of ten years. The lessee has constructed real property on the land, and the Town will subordinate financial claims to the mortgage holder for an amount not to exceed 80% of the value of such real property. At the termination of the lease the property and improvements thereon shall become the sole property of the Town. This lease was amended in March 1995 and provided that in addition to the cash rent, the lessee shall provide to the Town of Kill Devil Hills the highest type of benefit membership to the Outer Banks Chamber of Commerce without costs.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2023

NOTE 4. FUTURE LEASE AGREEMENT

The Town plans to enter into a lease agreement with Dare County for a portion of a joint Fire and EMS station. Construction is underway with an estimated completion date in June 2024. Upon issuance of the certificate of occupancy for the building, the Town will begin a lease for the fire station, which is approximately 49% of the building. The lease will have an initial term of 20 years, with the option for three additional ten-year terms. Dare County is financing the project with limited obligation bonds with a 20-year term. The Town will pay Dare County for that portion of the bond which is attributed to the fire station, estimated to be \$15,680,438.

NOTE 5. WATER PURCHASE CONTRACT

A revised water agreement with Dare County and the Town of Nags Head was signed on October 4, 1996. Water is purchased from Dare County based on the Dare County wholesale water rate. The wholesale water rate paid during the June 30, 2023 fiscal year was \$1.970 and \$1.838 per thousand gallons.

NOTE 6. INTANGIBLE WATER RIGHTS

On October 4, 1996, the Town approved a revised water agreement with Dare County and the Town of Nags Head which allocates 3 million gallons per day of water from the system capacity, inclusive of expansions. The Town of Kill Devil Hills will bear all costs and expenses associated with expansions requested or required by the Town. Prior to this agreement, the Town had paid \$3,610,620 towards the construction of the reverse osmosis water desalination plant. The intangible water rights are being amortized over 40 years. This time period corresponds to the estimated useful life of the reverse osmosis water desalination plant. On June 30, 2023, accumulated amortization was \$2,987,001.

NOTE 7. JOINTLY GOVERNED ENTITY

The Local Government Community Access Channel continues to be administered by Dare County, with guidance and input by the participating municipalities including, but not necessarily limited to, establishing an annual budget for operation of the channel and adoption of policies on channel programming.

NOTE 8. 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 costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. No provision has been made in the accompanying financial statements for the refund of grant monies, as management believes that any required refunds will be immaterial.

NOTE 9. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$253,036 was made to the beginning net position of the Firemen's Relief Fund. This amount was recognized as a liability in the prior year. However, because there was no event to compel the Town to disburse these fiduciary resources as of June 30, 2022, this amount should have been reported as net position. If these amounts had been recognized as net position rather than liabilities, the change in net position in the prior year would have been (\$10,726).

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employee's Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

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

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

Schedule of Changes in Total OPEB Liability and Related Ratios

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
 PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST TEN FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>
Kill Devil Hills' proportion of the net pension liability (asset) (%)	0.10%	0.10%
Kill Devil Hills' proportion of the net pension liability (asset) (\$)	\$ 5,725,485	\$ 1,477,446
Kill Devil Hills' covered payroll*	\$ 8,184,571	\$ 7,732,141
Kill Devil Hills' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	69.95%	19.11%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	95.51%

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

These schedules are presented to illustrate the requirement for specified information for 10 years.

EXHIBIT A-1

2021	2020	2019	2018	2017	2016	2015	2014
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 3,541,623	\$ 2,687,500	\$ 2,372,816	\$ 1,518,557	\$ 2,152,048	\$ 439,863	\$ (584,202)	\$ 1,209,000
\$ 7,281,756	\$ 6,874,637	\$ 6,563,627	\$ 6,510,677	\$ 6,109,672	\$ 5,954,373	\$ 5,833,247	\$ 5,351,780
48.64%	39.09%	36.15%	23.32%	35.22%	7.39%	(10.02%)	22.59%
88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%	94.35%

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
 CONTRIBUTIONS
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST TEN FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>
Contractually required contribution	\$ 1,107,660	\$ 943,546
Contributions in relation to the contractually required contribution	1,107,660	943,546
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Kill Devil Hills' covered payroll	\$ 8,982,996	\$ 8,184,571
Contributions as a percentage of covered payroll	12.33%	11.53%

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

These schedules are presented to illustrate the requirement for specified information for 10 years.

2021	2020	2019	2018	2017	2016	2015	2014
\$ 794,975	\$ 662,229	\$ 542,940	\$ 502,297	\$ 481,666	\$ 418,284	\$ 426,043	\$ 415,347
794,975	662,229	542,940	502,297	481,666	418,284	426,043	415,347
<u>\$ -</u>							
\$ 7,732,141	\$ 7,281,756	\$ 6,874,637	\$ 6,563,627	\$ 6,510,677	\$ 6,109,672	\$ 5,954,373	\$ 5,833,247
10.28%	9.09%	7.90%	7.65%	7.40%	6.85%	7.16%	7.12%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 1,536,899	\$ 1,470,254
Service Cost	82,984	84,172
Interest on the total pension liability	34,003	27,907
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	124,432	46,956
Changes of assumptions or other inputs	(281,675)	(43,759)
Benefit payments	(51,318)	(48,631)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 1,445,325</u>	<u>\$ 1,536,899</u>

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

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

EXHIBIT A-3

2021	2020	2019	2018	2017
\$ 1,175,808	\$ 930,836	\$ 940,269	\$ 902,881	\$ 895,538
45,553	44,814	49,739	42,525	45,544
37,539	32,997	29,130	34,306	31,168
-	-	-	-	-
(144,889)	178,122	(10,444)	(72,513)	-
404,874	37,670	(40,984)	61,322	(24,417)
(48,631)	(48,631)	(36,874)	(28,252)	(44,952)
-	-	-	-	-
<u>\$ 1,470,254</u>	<u>\$ 1,175,808</u>	<u>\$ 930,836</u>	<u>\$ 940,269</u>	<u>\$ 902,881</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 1,445,325	\$ 1,536,899	\$ 1,470,254	\$ 1,175,808
Covered- employee payroll	1,998,065	1,891,783	1,682,842	1,637,083
Total pension liability as a percentage of covered-employee payroll	72.34%	81.24%	87.37%	71.82%

Notes to the schedules:

The Town of Kill Devil Hills has no assets accumulated in a trust that meets paragraph 4 of GASB Statement 73 to pay related benefits.

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

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

EXHIBIT A-4

2019	2018	2017
\$ 930,836	\$ 940,269	\$ 902,881
1,613,845	1,591,980	1,690,181
57.68%	59.06%	53.42%

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	2023	2022	2021	2020
Total OPEB Liability				
Beginning Balance	\$ 9,679,018	\$ 10,137,767	\$ 9,879,097	\$ 8,000,456
Service Cost	392,435	476,750	502,860	373,213
Interest	334,113	213,834	213,413	272,503
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(11,340)	319,331	9,636	509,814
Changes of assumptions	(113,886)	(989,984)	(20,008)	1,156,153
Benefit payments	(485,795)	(478,680)	(447,231)	(433,042)
Net Change in total OPEB liability	<u>115,527</u>	<u>(458,749)</u>	<u>258,670</u>	<u>1,878,641</u>
Ending balance of the total pension liability	<u>\$ 9,794,545</u>	<u>\$ 9,679,018</u>	<u>\$ 10,137,767</u>	<u>\$ 9,879,097</u>
Plan Fiduciary Net Position				
Contributions -employer	\$ 503,795	\$ 496,680	\$ 447,231	\$ 658,042
Net investment income	47,205	(47,465)	86,383	(6,266)
Benefit payments	(485,795)	(478,680)	(447,231)	(433,042)
Net change in plan fiduciary net position	<u>65,205</u>	<u>(29,465)</u>	<u>86,383</u>	<u>218,734</u>
Plan fiduciary net position - beginning	275,652	305,117	218,734	-
Plan fiduciary net position- ending	<u>\$ 340,857</u>	<u>\$ 275,652</u>	<u>\$ 305,117</u>	<u>\$ 218,734</u>
Town's net OPEB Liability - ending	<u>\$ 9,453,688</u>	<u>\$ 9,403,366</u>	<u>\$ 9,832,650</u>	<u>\$ 9,660,363</u>
Plan Fiduciary Net Position as a percentage of the total OPEB Liability	3.48%	2.93%	3.10%	2.26%
Covered payroll	\$ 7,066,930	\$ 7,066,930	\$ 7,342,664	\$ 7,342,664
Net OPEB liability as a percentage of covered payroll	133.77%	133.06%	133.91%	131.56%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

These schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

EXHIBIT A-5

<u>2019</u>	<u>2018</u>
\$ 7,384,841	\$ 7,549,376
343,907	374,355
255,861	221,571
-	-
66,206	69,333
(261,625)	(450,541)
<u>(398,981)</u>	<u>(379,253)</u>
5,368	(164,535)
<u>\$ 7,390,209</u>	<u>\$ 7,384,841</u>
\$ 398,981	\$ 379,253
-	-
<u>(398,981)</u>	<u>(379,253)</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 7,390,209</u>	<u>\$ 7,384,841</u>
0.00%	0.00%
\$ 5,824,231	\$ 5,824,231
126.89%	126.80%

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MAJOR GOVERNMENTAL FUNDS

The **General Fund** is used to account for resources traditionally associated with governments that are not required legally or by sound financial management to be accounted for in another fund.

The **Capital Reserve Fund** is a legally adopted Capital Reserve Fund, which has been consolidated with the General Fund in the basic financial statements, and accounts for the accumulation of funds for recreation, street, and shoreline project uses.

The **2022 Beach Nourishment Capital Project Fund** is used to account for beach nourishment scheduled to take place in 2022.

The **American Rescue Plan Special Revenue Fund** is used to account for funds received under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$	\$ 9,787,826	\$	\$ 9,623,298
Municipal service district		506,506		494,875
Prior years		38,918		37,416
Less payments to other governments		(6,596)		(5,303)
Penalties and interest		21,062		24,336
	<u>10,143,752</u>	<u>10,347,716</u>	<u>203,964</u>	<u>10,174,622</u>
Other Taxes and Licenses:				
Privilege licenses:				
Current		7,252		7,915
Penalties		15		52
Local option sales tax		4,013,607		3,861,359
Local option sales tax MSD		213,913		224,735
Occupancy tax		4,443,839		4,587,045
Land transfer tax		1,065,462		1,778,083
Solid waste disposal tax		6,273		5,786
	<u>8,947,936</u>	<u>9,750,361</u>	<u>802,425</u>	<u>10,464,975</u>
Unrestricted Intergovernmental Revenues:				
Utilities sales tax		802,907		759,582
Piped natural gas sales tax		11,748		5,492
Sales tax - telecom services		34,882		35,070
Sales tax - video programming		142,162		146,133
PEG channel support		25,600		25,975
Wine and beer tax		35,266		30,457
ABC revenue		28,808		30,779
Mixed beverage tax		52,732		53,637
	<u>1,055,800</u>	<u>1,134,105</u>	<u>78,305</u>	<u>1,087,125</u>
Restricted Intergovernmental Revenues:				
FEMA		697,228		2,897,079
Asset forfeiture funds		14,869		-
Powell Bill allocation		275,549		275,526
Drug enforcement reimbursement		7,121		4,384
Grant - Shoreline Management		-		95,000
Grant - USDOJ Body Armor		3,320		-
Grant - Gov't Access Channels		5,000		5,000
Grant - DCTB - Meekins Field		200,000		-
Grant - AFG - Radios		218,349		-
Grant - STRap Highway Commission		258,458		-
Grant - NCDEQ - Soundside		-		63,320
Grant - NCLM - Safety		-		2,274
Grant - DCTB - Fireworks		12,200		16,250
Grant - NCLM Wellness		2,500		2,500
	<u>4,428,488</u>	<u>1,694,594</u>	<u>(2,733,894)</u>	<u>3,361,333</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Permits and Fees:				
Building permits	\$	\$ 427,223	\$	\$ 549,917
Occupancy permit fees		4,400		4,250
Site plan review fees		21,555		67,082
Other planning fees		4,434		8,062
CAMA implement and enforcement payments		2,635		4,860
Homeowner recovery fees		70		80
Taxi ordinance fees		75		120
	<u>483,400</u>	<u>460,392</u>	<u>(23,008)</u>	<u>634,371</u>
Sales and Services:				
Animal Control fees:				
Boarding and adoption		3,200		2,660
Dog licenses		612		630
Rabies vaccination		140		98
Court costs and fees		1,789		2,947
Finger print fees		1,110		390
Buy gold application fee		142		142
Rollout container sales		30,479		33,983
Dumpster sales		67,423		58,813
Cookbook sales		-		40
	<u>127,350</u>	<u>104,895</u>	<u>(22,455)</u>	<u>99,703</u>
Investment Earnings:				
Investment earnings		532,816		67,815
Change in fair value of investments		(174,495)		(755,179)
Net investment earnings (loss)	<u>125,000</u>	<u>358,321</u>	<u>233,321</u>	<u>(687,364)</u>
Other revenues:				
Miscellaneous		54,412		50,754
Dare County EMS Fuel		10,032		
Discounts on purchases		3,020		2,230
Rental of government owned property		169,217		134,057
Contributions		1,084		1,332
Insurance Proceeds		32,974		14,028
	<u>189,377</u>	<u>270,739</u>	<u>81,362</u>	<u>202,401</u>
TOTAL REVENUES	<u>25,501,103</u>	<u>24,121,123</u>	<u>(1,379,980)</u>	<u>25,337,166</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
EXPENDITURES				
General Government:				
Administration:				
<i>Administrative costs:</i>				
Board of commissioner fees	\$	\$ 52,344	\$	\$ 48,691
Video taping		5,205		4,017
Legal services		54,590		44,976
Travel and training-board		1,592		175
Election costs		-		9,420
		<u>113,731</u>		<u>107,279</u>
<i>Salaries and benefits:</i>				
Salaries		607,070		548,920
FICA expense		46,597		42,763
Funding for health plan		117,340		106,498
Retirement		73,864		62,636
401K retirement		30,318		27,362
		<u>875,189</u>		<u>788,179</u>
<i>Operating expenditures:</i>				
Professional services		14,425		23,510
Engineering services		12,095		21,638
Telephone		19,561		19,348
Travel and training		16,799		4,345
Outside maintenance		1,390		328
Fleet maintenance		221		612
Communications		1,012		1,006
Maintenance contracts		4,814		-
Printing		1,269		475
Equipment rental		-		1,013
Equipment lease		3,582		2,686
Copier lease		4,379		5,287
Partnerships		35,000		30,000
Tuition reimbursement		1,047		1,856
Advertising		20,810		15,861
Vehicle fuel		563		349
Supplies and materials		11,602		19,974
Contracted services		37,140		41,629
Dues and subscriptions		14,452		13,751
Worker's compensation		818		2,753
Miscellaneous		291		-
Miscellaneous-special events		46,159		56,772
Miscellaneous-wellness program		5,208		1,330
Miscellaneous-Board of Commissioners		493		28
		<u>253,130</u>		<u>264,551</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Administration (continued):				
<i>Capital outlay:</i>				
Lease asset	\$	\$ -	\$	\$ 17,356
		-		17,356
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(145,975)		(126,649)
		(145,975)		(126,649)
Total	1,258,386	1,096,075	162,311	1,050,716
Finance and Tax:				
<i>Salaries and benefits:</i>				
Salaries		566,735		518,810
FICA expense		42,383		38,761
Funding for health plan		95,014		90,714
Retirement		69,005		59,381
401K retirement		28,337		25,940
		801,474		733,606
<i>Operating expenditures:</i>				
Audit		30,230		28,390
Tax collection fee		156,651		154,396
Postage		3,454		3,159
Travel and training		8,602		5,651
Insurance Claims		2,465		-
Communications		173		154
Printing		447		-
Copier lease		5,401		5,277
Supplies and materials		6,504		4,079
Contracted services		9,886		16,305
Departmental supplies		4,492		3,623
Departmental charges		(4,492)		(3,623)
Dues and subscriptions		667		1,537
General insurance		191,590		169,038
Retiree health insurance		436,632		420,264
OPEB Irrevocable trust		18,000		18,000
Worker's compensation		837		833
Unemployment insurance		2,389		1,566
		873,928		828,649
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(114,935)		(101,589)
		(114,935)		(101,589)
Total	1,706,696	1,560,467	146,229	1,460,666

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Management Information Services				
<i>Salaries and benefits:</i>				
Salaries	\$	\$ 116,370	\$	\$ 107,704
FICA expense		8,567		7,927
Funding for health plan		25,366		23,744
Retirement		14,171		12,327
401K retirement		5,818		5,385
		<u>170,292</u>		<u>157,087</u>
<i>Operating expenditures:</i>				
Travel and training		1,324		-
Outside maintenance and repairs		681		4,452
Maintenance contracts		155,628		144,753
IT Subscriptions		9,750		-
Supplies and materials		44,401		47,493
Contracted services		23,691		20,412
Worker's compensation		162		177
Dues and subscriptions		368		7,069
		<u>236,005</u>		<u>224,356</u>
<i>Capital outlay:</i>				
Office furniture and equipment		16,313		5,405
GASB 96 - IT Software		25,528		-
		<u>41,841</u>		<u>5,405</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(49,998)		(47,395)
		<u>(49,998)</u>		<u>(47,395)</u>
Total	<u>490,269</u>	<u>398,140</u>	<u>92,129</u>	<u>339,453</u>
Planning and Development:				
<i>Salaries and benefits:</i>				
Salaries		646,448		571,766
FICA expense		47,903		42,383
Funding for health plan		125,081		116,964
Retirement		78,744		65,447
401K retirement		30,699		27,171
		<u>928,875</u>		<u>823,731</u>
<i>Operating expenditures:</i>				
Planning and zoning board fees		10,020		10,180
Travel and training		5,667		8,429
Outside maintenance and repairs		28		59
Fleet maintenance		525		678
Communications		1,854		1,828

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Planning and Development (continued):				
<i>Operating expenditures (continued):</i>				
Printing	\$	\$ -	\$	\$ 100
Equipment rental		45		-
Equipment lease		5,400		3,179
Copier lease		3,943		3,751
Historic Landmark		169		250
CRS Flood		-		412
Vehicle fuel		3,453		3,153
Supplies and materials		2,100		7,924
Chapter updates		41,015		-
Recordation Fees		2		40
Dues and subscriptions		2,259		2,903
Worker's compensation		6,956		9,076
Miscellaneous		-		235
Installment note payments		19,346		19,346
		<u>102,782</u>		<u>71,543</u>
<i>Capital outlay:</i>				
Lease asset		-		30,505
		<u>-</u>		<u>30,505</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(89,032)		(75,551)
		<u>(89,032)</u>		<u>(75,551)</u>
Total	<u>1,197,975</u>	<u>942,625</u>	<u>255,350</u>	<u>850,228</u>
Buildings and Grounds:				
<i>Salaries and benefits:</i>				
Salaries		382,037		343,045
FICA expense		27,956		24,976
Funding for health plan		115,657		110,362
Retirement		46,530		39,257
401K Retirement		17,525		15,276
		<u>589,705</u>		<u>532,916</u>
<i>Operating expenditures:</i>				
Professional Services		-		2,100
Travel and training		811		168
Utilities		52,258		61,220
Repairs and maintenance:				
Buildings and grounds		165,519		39,920
HVAC		23,891		10,897
Shoreline accesses		47,796		63,700
Recreational facilities		30,199		31,368

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Buildings and Grounds (continued):				
<i>Operating expenditures (continued):</i>				
Landscaping	\$	\$ 9,279	\$	\$ 8,463
Special Event displays		5,197		8,292
Outside maintenance and repairs		2,263		2,375
Insurance claims		16,705		-
Fleet maintenance		3,440		2,272
Equipment maintenance		1,245		1,689
Communications		2,104		1,863
Copier Lease		158		129
Vehicle fuel		6,214		7,218
Supplies and materials		43,942		49,387
Uniforms		1,718		2,127
Contracted services		51,694		43,543
Worker's compensation		8,922		9,846
Installment note payments		636,997		1,147,073
		<u>1,110,352</u>		<u>1,493,650</u>
<i>Capital outlay:</i>				
Buildings		179,762		141,025
Other improvements		-		130,599
Meekins Field		575,941		778,597
Beach access		-		29,050
Soundside Access		-		68,686
Aviation Park		174,556		51,510
Machinery & equipment		21,147		-
		<u>951,406</u>		<u>1,199,467</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(71,329)		(61,060)
		<u>(71,329)</u>		<u>(61,060)</u>
Total	<u>3,135,782</u>	<u>2,580,134</u>	<u>555,648</u>	<u>3,164,973</u>
Beach Nourishment:				
<i>Operating expenditures:</i>				
Legal Services		252		1,295
Tax collection fee		7,923		7,450
Audit		2,950		2,885
Advertising		-		2,025
Beach Nourishment		18,449		15,523
Installment note payment		3,854,898		1,051,855
		<u>3,884,472</u>		<u>1,081,033</u>
Total	<u>4,045,248</u>	<u>3,884,472</u>	<u>160,776</u>	<u>1,081,033</u>
Total General Government	<u>11,834,356</u>	<u>10,461,913</u>	<u>1,372,443</u>	<u>7,947,069</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Public Safety:				
Police:				
<i>Salaries and benefits:</i>				
Salaries	\$	\$ 2,301,626	\$	\$ 2,176,252
FICA expense		173,144		163,789
Funding for health plan		531,365		492,199
Retirement		298,979		261,564
5% 401K retirement		112,906		103,222
3% 401K retirement		1,305		3,354
Seperation Allowance		48,791		46,791
		<u>3,468,116</u>		<u>3,247,171</u>
<i>Operating expenditures:</i>				
Professional services		524		175
Travel and training		19,763		14,665
Firing range		2,600		2,600
Insurance claims		19,329		4,181
Outside maintenance and repairs		5,656		3,702
Fleet maintenance		14,753		14,794
Communications		27,736		27,057
Copier lease		5,425		6,173
Vehicle fuel		77,511		73,231
<i>Supplies and materials:</i>				
General		19,730		32,702
Criminal		1,465		1,790
Radar		-		11,794
Car Radios		-		11,149
Handheld Radios		4,645		19,246
Uniforms		15,752		18,373
Crime prevention		681		2,221
Controlled substances		2,000		2,000
Contracted Services		50		-
Dues and subscriptions		3,793		3,918
Worker's compensation		38,123		41,295
Miscellaneous		-		135
Installment note payments		248,451		218,304
Financed purchase payment		45,468		51,283
		<u>553,455</u>		<u>560,788</u>
<i>Capital outlay:</i>				
Body cameras		-		242,105
Vehicles		251,301		186,362
		<u>251,301</u>		<u>428,467</u>
Total	<u>4,912,345</u>	<u>4,272,872</u>	<u>639,473</u>	<u>4,236,426</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Animal Control:				
<i>Salaries and benefits:</i>				
Salaries	\$	\$ 116,146	\$	\$ 103,502
FICA expense		8,428		7,551
Funding for health plan		36,318		30,788
Retirement		14,147		11,848
401K retirement		5,807		5,130
		<u>180,846</u>		<u>158,819</u>
<i>Operating expenditures:</i>				
Professional services		99		458
Travel and training		1,120		20
Outside maintenance and repairs		181		45
Fleet maintenance		403		1,490
Communications		480		480
Vehicle fuel		2,967		2,800
Supplies and materials		2,385		2,455
Uniforms		1,041		842
Dues and subscriptions		206		76
Worker's compensation		1,510		1,816
Installment note payments		-		4,521
		<u>10,392</u>		<u>15,003</u>
Total	<u>199,565</u>	<u>191,238</u>	<u>8,327</u>	<u>173,822</u>
Fire:				
<i>Salaries and benefits:</i>				
Salaries		1,663,974		1,495,777
FICA expense		120,670		108,338
Funding for health plan		426,252		400,844
Retirement		200,542		169,686
401K retirement		79,468		72,282
		<u>2,490,906</u>		<u>2,246,927</u>
<i>Operating expenditures:</i>				
Professional services		11,950		10,835
Travel and training		20,578		15,953
Insurance claims		4,142		3,158
Outside maintenance and repairs		14,471		11,146
Fleet maintenance		12,707		19,465
Communications		6,741		6,642
Printing		250		28
Copier lease		2,346		2,162

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Fire (continued):				
<i>Operating expenditures (continued):</i>				
Vehicle fuel	\$	\$ 20,491	\$	\$ 18,668
Supplies and materials		48,008		25,057
SCBA equipment		5,025		4,875
Uniforms		53,393		7,954
Dues and subscriptions		4,950		4,350
Worker's compensation		40,376		46,759
Firemen's pension		3,650		3,970
Installment note payments		220,492		198,703
		<u>469,570</u>		<u>379,725</u>
<i>Capital outlay:</i>				
AFG - Radios		229,841		-
		<u>229,841</u>		<u>-</u>
Total	<u>4,129,614</u>	<u>3,190,317</u>	<u>939,297</u>	<u>2,626,652</u>
Ocean Rescue:				
<i>Salaries and benefits:</i>				
Salaries		574,540		485,761
FICA expense		43,969		37,174
Funding for health plan		16,883		14,831
Retirement		15,669		13,236
401K retirement		4,603		4,126
		<u>655,664</u>		<u>555,128</u>
<i>Operating expenditures:</i>				
Professional services		2,460		1,680
Travel and training		489		190
Outside maintenance and repairs		13,592		3,931
Fleet maintenance		979		1,206
Communications		420		419
Printing		1,211		1,012
Equipment rental		11,200		8,800
Copier lease		135		181
Vehicle fuel		5,203		5,006
Supplies and materials		16,151		11,138
Uniforms		17,153		14,091
Dues and subscriptions		60		560
Worker's compensation		11,525		13,827

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Ocean Rescue (continued):				
Installment note payments	\$	\$ 13,668	\$	\$ 13,668
		94,246		75,709
Total	816,854	749,910	66,944	630,837
Total Public Safety	10,058,378	8,404,337	1,654,041	7,667,737
Transportation				
Streets:				
<i>Salaries and benefits:</i>				
Salaries		463,225		415,444
FICA expense		34,232		30,568
Funding for health plan		109,096		106,151
Retirement		56,447		47,552
401K retirement		23,082		20,772
		686,082		620,487
<i>Operating expenditures:</i>				
Utilities		100,279		101,732
Travel and training		15		542
Street maintenance		128,783		103,451
Sidewalks		23,093		23,700
Canal		299,949		-
Outside maintenance and repairs		6,964		1,240
Fleet maintenance		33,649		16,281
Communications		2,198		2,050
Equipment rental		-		196
Copier lease		363		298
Vehicle fuel		20,440		19,455
Supplies and materials		19,654		16,915
Uniforms		4,979		4,174
Contracted services		12,250		12,250
Dues and subscriptions		49		63
Worker's compensation		14,284		15,537
Installment note payments		117,148		102,581
		784,097		420,465

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Streets (continued):				
<i>Capital outlay</i>				
Machinery and equipment	\$	\$ 20,001	\$	\$ 109,799
Vehicles		226,486		-
Street construction		1,052,347		1,149,980
Sidewalks		576,296		280,781
		<u>1,875,130</u>		<u>1,540,560</u>
 Total	<u>4,275,939</u>	<u>3,345,309</u>	<u>930,630</u>	<u>2,581,512</u>
 Powell Bill:				
<i>Operating expenditures:</i>				
Professional services		406		677
Supplies and materials		19,584		17,592
		<u>19,990</u>		<u>18,269</u>
 <i>Capital outlay:</i>				
Street construction		321,243		216,757
		<u>321,243</u>		<u>216,757</u>
 Total	<u>343,337</u>	<u>341,233</u>	<u>2,104</u>	<u>235,026</u>
 Total Transportation	<u>4,619,276</u>	<u>3,686,542</u>	<u>932,734</u>	<u>2,816,538</u>
 Public Works:				
Fleet Maintenance:				
<i>Salaries and benefits:</i>				
Salaries		341,664		302,154
FICA expense		25,594		22,567
Funding for health plan		70,516		65,929
Retirement		41,615		34,587
401K retirement		17,083		15,108
		<u>496,472</u>		<u>440,345</u>
 <i>Operating expenditures:</i>				
Travel and training		3		-
Outside maintenance and repairs		2,814		4,387
Fleet maintenance		206		406
Communications		480		480
Maintenance contracts		1,175		1,175
Printing		550		718
Copier lease		127		139
Vehicle fuel		1,675		1,447
Supplies and materials		11,462		13,149
Uniforms		2,611		2,679

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Fleet Maintenance (continued):				
<i>Operating expenditures (continued):</i>				
Fleet maintenance supplies	\$	\$ 132,453	\$	\$ 137,130
Fuel		287,742		252,506
Dues and subscriptions		840		920
Worker's compensation		5,414		5,601
Installment note payments		11,264		11,264
Departmental charges		<u>(420,193)</u>		<u>(390,345)</u>
		<u>38,623</u>		<u>41,656</u>
<i>Capital outlay:</i>				
Machinery and equipment		11,864		-
		<u>11,864</u>		<u>-</u>
Reimbursement - Proprietary fund		(61,751)		(54,832)
		<u>(61,751)</u>		<u>(54,832)</u>
Total Public Works	535,690	485,208	50,482	427,169
Environmental Protection:				
Solid Waste:				
<i>Salaries and benefits:</i>				
Salaries		750,271		658,193
FICA expense		54,912		47,944
Funding for health plan		222,633		199,585
Retirement		91,376		75,334
401K retirement		37,509		32,200
		<u>1,156,701</u>		<u>1,013,256</u>
<i>Operating expenditures:</i>				
Travel and training		27		-
Insurance claims		5,484		-
Outside maintenance and repairs		47,013		5,233
Fleet maintenance		90,522		83,685
Communications		4,325		4,107
Printing		655		656
Copier lease		363		298
Vehicle fuel		125,363		108,330
Supplies and materials		16,173		41,307
Uniforms		8,980		7,999
Contracted services		34,950		32,975
Contracted services - tipping fees		1,007,529		939,077
Purchases for resale:				
Dumpsters		63,373		69,744
Rollout carts		27,201		28,411
Household hazardous waste		2,406		4,074
Dues and subscriptions		80		142

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Solid Waste (continued):				
<i>Operating expenditures (continued):</i>				
Worker's compensation	\$	\$ 23,370	\$	\$ 26,980
Installment note payments		650,925		584,225
		<u>2,108,739</u>		<u>1,937,243</u>
<i>Capital outlay:</i>				
Machinery and equipment		46,543		-
Vehicles		867,595		-
		<u>914,138</u>		<u>-</u>
Total Environmental Protection	<u>5,114,685</u>	<u>4,179,578</u>	<u>935,107</u>	<u>2,950,499</u>
TOTAL EXPENDITURES	<u>32,162,385</u>	<u>27,217,578</u>	<u>4,944,807</u>	<u>21,809,012</u>
REVENUES (UNDER) OVER EXPENDITURES	<u>(6,661,282)</u>	<u>(3,096,455)</u>	<u>3,564,827</u>	<u>3,528,154</u>
OTHER FINANCING SOURCES (USES)				
Direct borrowing	2,054,744	2,054,744	-	1,367,448
Sale of capital assets	20,000	115,065	95,065	1,524,446
GASB 87 lease financing	-	-	-	47,860
GASB 96 SBITA financing	22,390	22,390	-	-
Body camera financing	-	-	-	233,155
Transfer from special revenue fund	-	2,363,588	2,363,588	-
Transfer from capital reserve fund	2,197,701	-	(2,197,701)	-
Transfer to capital reserve fund	(3,139,791)	(1,713,148)	1,426,643	(216,136)
Transfer from capital project fund	-	-	-	533,970
Appropriated fund balance	3,340,150	-	(3,340,150)	-
Appropriated fund balance - encumbrances	2,096,088	-	(2,096,088)	-
Appropriated fund balance - powell bill	70,000	-	(70,000)	-
	<u>6,661,282</u>	<u>2,842,639</u>	<u>(3,818,643)</u>	<u>3,490,743</u>
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>(253,816)</u>	<u>\$ (253,816)</u>	<u>7,018,897</u>
FUND BALANCE				
Fund balance, beginning		26,093,750		19,074,853
Fund balance, end of year		<u>\$ 25,839,934</u>		<u>\$ 26,093,750</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings:				
Investment earnings	\$ -	\$ 126,690	\$ 126,690	\$ 16,671
Change in fair value of investments	-	(87,021)	(87,021)	(123,327)
Net investment earnings (loss)	-	39,669	39,669	(106,656)
TOTAL REVENUES	-	39,669	39,669	(106,656)
<u>REVENUES OVER (UNDER)</u>				
<u>EXPENDITURES</u>	-	39,669	39,669	(106,656)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to general fund	(2,197,701)	-	2,197,701	-
Transfer from general fund	3,139,791	1,713,148	(1,426,643)	216,136
Future Reserves	(942,090)	-	942,090	-
	-	1,713,148	1,713,148	216,136
REVENUES AND OTHER SOURCES OVER (UNDER) OTHER USES	\$ -	1,752,817	\$ 1,752,817	109,480
<u>FUND BALANCE</u>				
Beginning of Year - July 1		3,022,673		2,913,193
End of Year - June 30		\$ 4,775,490		\$ 3,022,673

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
2022 BEACH NOURISHMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<u>REVENUES</u>					
Restricted Intergovernmental Revenues:					
Grant - NCDEQ	\$ 1,456,876	\$ 1,456,876	\$ -	\$ 1,456,876	\$ -
Contribution from Dare County	691,137	72,559	468,773	541,332	(149,805)
Sand Fencing Grant from Dare County	48,000	-	48,000	48,000	-
Investment earnings:					
Interest earnings	-	7,283	14,965	22,248	22,248
Change in fair value of investments	-	(53,079)	35,505	(17,574)	(17,574)
	<u>2,196,013</u>	<u>1,483,639</u>	<u>567,243</u>	<u>2,050,882</u>	<u>(145,131)</u>
<u>TOTAL REVENUES</u>	<u>2,196,013</u>	<u>1,483,639</u>	<u>567,243</u>	<u>2,050,882</u>	<u>(145,131)</u>
<u>EXPENDITURES:</u>					
Capital outlay:					
Beach nourishment	<u>6,795,623</u>	<u>3,508,411</u>	<u>2,797,379</u>	<u>6,305,790</u>	<u>489,833</u>
	<u>6,795,623</u>	<u>3,508,411</u>	<u>2,797,379</u>	<u>6,305,790</u>	<u>489,833</u>
<u>TOTAL EXPENDITURES</u>	<u>6,795,623</u>	<u>3,508,411</u>	<u>2,797,379</u>	<u>6,305,790</u>	<u>489,833</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(4,599,610)</u>	<u>(2,024,772)</u>	<u>(2,230,136)</u>	<u>(4,254,908)</u>	<u>344,702</u>
<u>OTHER FINANCING SOURCES</u>					
Special Obligation Bond - FEMA	3,638,169	3,638,169	-	3,638,169	-
Direct borrowing	593,224	593,224	-	593,224	-
Contribution from Capital Reserve Fund	<u>368,217</u>	<u>368,217</u>	<u>-</u>	<u>368,217</u>	<u>-</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>4,599,610</u>	<u>4,599,610</u>	<u>-</u>	<u>4,599,610</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ -</u>	<u>\$ 2,574,838</u>	<u>(2,230,136)</u>	<u>\$ 344,702</u>	<u>\$ 344,702</u>
<u>FUND BALANCE</u>					
Beginning of Year - July 1			2,574,838		
End of Year - June 30			<u>\$ 344,702</u>		

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For the Fiscal Year Ended June 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<u>REVENUES</u>					
Restricted Intergovernmental Revenues:					
Grant - ARP	\$ 2,337,008	\$ 1,168,504	\$ 1,168,504	\$ 2,337,008	\$ -
Investment earnings:					
Interest earnings	26,580	4,648	21,932	26,580	-
Change in fair value of investments	-	(46,776)	46,776	-	-
	<u>2,363,588</u>	<u>1,126,376</u>	<u>1,237,212</u>	<u>2,363,588</u>	<u>-</u>
<u>TOTAL REVENUES</u>	<u>2,363,588</u>	<u>1,126,376</u>	<u>1,237,212</u>	<u>2,363,588</u>	<u>-</u>
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	2,363,588	1,126,376	1,237,212	2,363,588	-
<u>OTHER FINANCING USE</u>					
Transfer to general fund	(2,363,588)	-	(2,363,588)	(2,363,588)	-
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>(2,363,588)</u>	<u>-</u>	<u>(2,363,588)</u>	<u>(2,363,588)</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ -</u>	<u>\$ 1,126,376</u>	<u>(1,126,376)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FUND BALANCE</u>					
Beginning of Year - July 1			1,126,376		
End of Year - June 30			<u>\$ -</u>		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government’s council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund. This fund is used to account for activities of the Water Department.

Water Capital Reserve Fund. This fund is a statutorily required fund to account for system development fees restricted in use to system extension and replacement.

Wastewater Fund. This fund is used to account for the activities of the Wastewater Department.

Wastewater Capital Reserve Fund. This fund is a statutorily required fund to account for system development fees restricted in use to system extension and replacement.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (Non-GAAP)

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Water sales	\$	\$ 4,887,287	\$	\$ 4,731,694
Water connection fees		118,007		129,825
Late payment penalties		33,857		35,435
Miscellaneous		23,856		25,458
Total operating revenues		<u>4,701,392</u>		<u>4,922,412</u>
Non-operating revenues:				
Investment earnings		245,991		30,583
Change in fair value on investments		(124,809)		(322,995)
Total non-operating revenues		<u>45,000</u>		<u>(292,412)</u>
TOTAL REVENUES		<u>4,746,392</u>		<u>4,630,000</u>
EXPENDITURES				
Water Administration:				
<i>Administrative costs:</i>				
Legal services		7,680		9,235
		<u>7,680</u>		<u>9,235</u>
<i>Salaries and benefits:</i>				
Salaries		465,136		412,275
FICA expense		34,424		30,519
Funding for health plan		103,143		86,074
Retirement		56,652		47,191
401K retirement		23,257		20,564
		<u>682,612</u>		<u>596,623</u>
<i>Operating expenditures:</i>				
Engineering services		-		220
Audit		8,770		8,470
Postage		16,473		13,201
Telephone		6,496		6,425
Utilities		2,813		2,673
Travel and training		190		1,057
Maintenance and repairs:				
Buildings and grounds		913		3,117
Outside		515		151
Fleet maintenance		1,007		2,297
Communications		1,983		1,721
Maintenance contracts		1,605		-
Printing		1,610		1,837
Equipment rental		38		-
Equipment lease		2,641		535
Copier lease		1,352		1,758

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (Non-GAAP)

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Water Administration (continued):				
<i>Operating expenditures (continued):</i>				
Advertising	\$	\$ 341	\$	\$ 814
Vehicle fuel		6,200		6,150
Supplies and materials		5,376		4,557
Uniforms		2,269		1,970
Contracted services		9,455		7,388
Contracted services:				
Water billing		5,285		5,219
Dues and subscriptions		3,892		3,542
General insurance		72,641		66,399
Retiree health insurance		49,163		58,412
Worker's compensation		3,725		4,702
Miscellaneous - special events		677		726
Reimbursement to General Fund		533,020		467,076
		<u>738,450</u>		<u>670,417</u>
Total	<u>1,495,539</u>	<u>1,428,742</u>	<u>66,797</u>	<u>1,276,275</u>
Water Treatment Plant:				
<i>Salaries and benefits:</i>				
Salaries		239,085		235,659
FICA expense		17,869		17,690
Funding for health plan		56,806		52,304
Retirement		29,121		26,970
401K retirement		11,954		11,783
		<u>354,835</u>		<u>344,406</u>
<i>Operating expenditures:</i>				
Professional services		218		341
Utilities		37,244		40,791
Travel and training		150		1,452
Plant repairs and maintenance		27,617		29,700
Outside repairs and maintenance		3,854		2,023
Fleet maintenance		850		217
Communications		696		653
Maintenance contracts		40,742		34,494
Equipment Rental		-		45
Copier lease		43		76
Vehicle fuel		2,669		2,704
Supplies and materials		5,726		2,444
Chemicals		10,421		8,009

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (Non-GAAP)

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Water Treatment Plant:				
<i>Operating expenditures (continued):</i>				
Uniforms	\$	\$ 2,533	\$	\$ 2,490
Contracted services		2,550		3,163
Treated water costs		801,482		969,237
Dues and subscriptions		2,325		2,245
Worker's compensation		7,000		4,913
		<u>946,120</u>		<u>1,104,997</u>
Total	<u>1,664,272</u>	<u>1,300,955</u>	<u>363,317</u>	<u>1,449,403</u>
Water System:				
<i>Salaries and benefits:</i>				
Salaries		270,129		259,659
FICA expense		19,359		18,684
Funding for health plan		86,375		81,164
Retirement		32,901		29,721
401K retirement		10,697		10,383
		<u>419,461</u>		<u>399,611</u>
<i>Operating expenditures:</i>				
Travel and training		170		341
Maintenance and repairs:				
Buildings		1,869		2,115
Systems		109,754		91,127
Hydrants		9,408		2,816
Outside		8,793		12,456
Fleet maintenance		2,516		1,112
Communications		1,799		1,709
Copier lease		281		297
Vehicle fuel		8,723		7,804
Supplies and materials		2,609		2,806
Uniforms		2,612		2,418
Contracted services		1,396		1,296
Dues and subscriptions		190		150
Worker's compensation		4,495		5,692
		<u>154,615</u>		<u>132,139</u>
Total	<u>889,646</u>	<u>574,076</u>	<u>315,570</u>	<u>531,750</u>
<i>Debt Service:</i>				
Principal retirement	<u>2,813</u>	<u>2,813</u>	<u>-</u>	<u>2,813</u>
Total	<u>2,813</u>	<u>2,813</u>	<u>-</u>	<u>2,813</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<i>Capital outlay:</i>				
Plant	\$ 332,000	\$ 168,243	\$ 163,757	\$ 32,440
Building	-	-	-	19,542
Other improvements - capital	1,599,865	740,915	858,950	1,436,987
Lease Asset	13,550	13,550	-	-
Machinery and equipment	407,850	5,859	401,991	-
Office furniture & equipment	-	-	-	19,000
Total	<u>2,353,265</u>	<u>928,567</u>	<u>1,424,698</u>	<u>1,507,969</u>
TOTAL EXPENDITURES	<u>6,405,535</u>	<u>4,235,153</u>	<u>2,170,382</u>	<u>4,768,210</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,659,143)	949,036	2,608,179	(138,210)
OTHER FINANCING SOURCES (USES)				
Transfer from Wastewater Fund	18,750	18,750	-	18,750
Transfer from Capital Reserve Fund	946,962	946,962	-	972,300
GASB 87 lease financing	13,550	13,550	-	-
Fund equity appropriations	<u>679,881</u>	<u>-</u>	<u>(679,881)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>1,659,143</u>	<u>979,262</u>	<u>(679,881)</u>	<u>991,050</u>
REVENUES AND OTHER SOURCES (OVER/UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 1,928,298</u>	<u>\$ 1,928,298</u>	<u>\$ 852,840</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP:				
Revenues over (under) expenditures and other financing uses - Water Fund (above)		\$ 1,928,298		\$ 852,840
Revenues (under) expenditures - Water Capital Reserve Fund		(351,701)		(96,416)
Principal retirement		2,813		2,813
Capitalized purchases		928,567		1,507,969
Loss on disposal of capital assets		(137,450)		-
(Increase) decrease in accrued vacation payable		(12,345)		(2,563)
(Increase) Decrease in lease liability		(11,013)		534
Increase in deferred outflows-pensions		186,060		38,703
Decrease in net pension liability		(500,417)		243,158
Increase in deferred inflows-pensions		245,810		(248,659)
Depreciation and amortization		(694,148)		(707,209)
Increase (decrease) in deferred outflows of resources - OPEB		(39,095)		2,587
(Increase) decrease in deferred inflows of resources - OPEB		17,745		(79,670)
(Increase) decrease in accrued OPEB liability		<u>(5,928)</u>		<u>50,570</u>
CHANGES IN NET POSITION		<u>\$ 1,557,196</u>		<u>\$ 1,564,657</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WATER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating revenues:				
System development fees	\$ 324,000	\$ 567,900	\$ 243,900	\$ 893,200
Total operating revenues	324,000	567,900	243,900	893,200
Non-operating revenues:				
Interest Income	-	13,962	13,962	3,421
Change in fair value on investments	-	13,398	13,398	(20,737)
Net investment earnings (loss)	-	27,360	27,360	(17,316)
TOTAL REVENUES	324,000	595,260	271,260	875,884
<u>EXPENDITURES</u>				
Water system development:				
Extension and replacement	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER EXPENDITURES	324,000	595,260	271,260	875,884
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance - Undesignated	622,962	-	(622,962)	-
Transfer to Water fund	(946,962)	(946,962)	-	(972,300)
TOTAL OTHER FINANCING SOURCES	(324,000)	(946,962)	(622,962)	(972,300)
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	\$ -	\$ (351,702)	\$ (351,702)	\$ (96,416)

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WASTEWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (Non-GAAP)

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Wastewater sales	\$	\$ 200,994	\$	\$ 195,300
Wastewater connection fees		-		3,000
Late payment penalties		1,499		1,515
Total operating revenues		<u>230,470</u>		<u>199,815</u>
Non-operating revenues:				
Investment earnings		1,836		254
Change in fair market value on investments		(329)		(2,078)
Total non-operating revenues		<u>-</u>		<u>(1,824)</u>
TOTAL REVENUES		<u>230,470</u>		<u>197,991</u>
EXPENDITURES				
<i>Administrative costs:</i>				
Legal services		-		150
Total administrative costs		<u>-</u>		<u>150</u>
<i>Operating expenditures:</i>				
Engineering services		-		1,900
Audit		850		850
Telephone		2,325		2,220
Utilities		1,923		2,958
Maintenance and repair - system		42,325		30,984
Contracted services		37,200		39,600
Treated wastewater costs		79,205		79,419
Total operating expenditures		<u>163,828</u>		<u>157,931</u>
Total		<u>214,868</u>		<u>158,081</u>
TOTAL EXPENDITURES		<u>214,868</u>		<u>158,081</u>
REVENUES OVER EXPENDITURES		<u>15,602</u>		<u>39,910</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

WASTEWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (Non-GAAP)

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<u>OTHER FINANCING (USES)</u>				
Transfer to Water Fund	\$ (18,750)	\$ (18,750)	\$ -	\$ (18,750)
Fund equity appropriations	3,148	-	(3,148)	-
<u>TOTAL OTHER FINANCING (USES)</u>	<u>(15,602)</u>	<u>(18,750)</u>	<u>(3,148)</u>	<u>(18,750)</u>
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	\$ <u>-</u>	\$ <u>21,422</u>	\$ <u>21,422</u>	\$ <u>21,160</u>
<u>RECONCILIATION OF BUDGETARY BASIS TO GAAP:</u>				
Revenues over expenditures		\$ 21,422		\$ 21,160
Revenues over expenditures - Wastewater Capital Reserve Fund		5,126		12,131
Depreciation		<u>(4,001)</u>		<u>(4,001)</u>
<u>CHANGES IN NET POSITION</u>		\$ <u>22,547</u>		\$ <u>29,290</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
WASTEWATER CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (Non-GAAP)
For the Fiscal Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating revenues:				
System development fees	\$ 18,750	\$ 4,662	\$ (14,088)	\$ 13,295
Total operating revenues	<u>18,750</u>	<u>4,662</u>	<u>(14,088)</u>	<u>13,295</u>
Non-operating revenues:				
Interest Income	-	876	876	93
Change in fair value on investments	-	(412)	(412)	(1,257)
Net investment earnings (loss)	<u>-</u>	<u>464</u>	<u>464</u>	<u>(1,164)</u>
<u>TOTAL REVENUES</u>	<u>18,750</u>	<u>5,126</u>	<u>(13,624)</u>	<u>12,131</u>
<u>EXPENDITURES</u>				
Water system development:				
Extension and replacement	18,750	-	(18,750)	-
Total expenditures	<u>18,750</u>	<u>-</u>	<u>(18,750)</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 5,126</u>	<u>\$ 5,126</u>	<u>\$ 12,131</u>

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SUPPLEMENTARY SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Schedule of Municipal Service District Taxes Receivable

Analysis of Municipal Service District Tax Levy

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Adjustments and Releases</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 9,816,279	\$ (9,787,827)	\$ (3,326)	\$ 25,126
2021-2022	25,346	-	(14,549)	(32)	10,765
2020-2021	9,525	-	(3,353)	(10)	6,162
2019-2020	7,269	-	(2,091)	(13)	5,165
2018-2019	4,806	-	(1,997)	(13)	2,796
2017-2018	2,808	-	(598)	(13)	2,197
2016-2017	1,371	-	(246)	-	1,125
2015-2016	1,242	-	(1)	-	1,241
2014-2015	1,272	-	-	-	1,272
2013-2014	4,617	-	-	-	4,617
2012-2013	3,500	-	-	(3,500)	-
	<u>\$ 61,756</u>	<u>\$ 9,816,279</u>	<u>\$ (9,810,662)</u>	<u>\$ (6,907)</u>	<u>60,466</u>

Reconciliation with revenues:

Ad Valorem taxes - general fund	\$ 9,821,494
Reconciling items:	
Penalties collected	6,597
Interest collected	(17,428)
2012-2013 taxes written off	58
Taxes released	6,849
Subtotal	<u>(3,924)</u>
Total collections, credits, & releases	<u>\$ 9,817,569</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
Town-Wide Levy
For the Fiscal Year Ended June 30, 2023

	Town-Wide			Total Levy	
	Property Valuation	Rate per \$100 Valuation	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	\$ 3,027,626,736	0.3200	\$ 9,685,944	\$ 9,283,975	\$ 401,969
Penalties	-		6,582	6,582	-
Total	<u>3,027,626,736</u>		<u>9,692,526</u>	<u>9,290,557</u>	<u>401,969</u>
Discoveries:					
Current year	39,272,813	0.3200	125,673	125,673	-
Abatements	(1,639,169)	0.3200	(5,246)	(3,326)	(1,920)
Total Property Valuation	<u>\$ 3,065,260,380</u>				
Net levy			<u>9,812,953</u>	<u>9,412,904</u>	<u>400,049</u>
Uncollected taxes at June 30, 2023			(25,126)	(25,126)	-
Current year taxes collected			<u>\$ 9,787,827</u>	<u>\$ 9,387,778</u>	<u>\$ 400,049</u>
Current levy collection percentage			<u>99.74%</u>	<u>99.73%</u>	<u>100.00%</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF MUNICIPAL SERVICE DISTRICT TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2023

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections and Credits	Adjustments and Releases	Uncollected Balance June 30, 2023
2022-2023 MSD	\$ -	\$ 497,669	\$ (506,506)	\$ 8,839	\$ 2
2021-2022 MSD	-	-	(8,815)	8,815	-
2020-2021 MSD	-	-	(7,267)	7,267	-
2019-2020 MSD	-	-	-	-	-
2018-2019 MSD	-	-	-	-	-
2017-2018 MSD	-	-	-	-	-
2016-2017 MSD	-	-	-	-	-
2015-2016 MSD	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 497,669</u>	<u>\$ (522,588)</u>	<u>\$ 24,921</u>	<u>\$ 2</u>

Reconciliation with revenues:

Ad Valorem taxes - general fund	\$ 526,222
Reconciling items:	
Interest collected	(3,634)
Adjustments	(24,921)
Subtotal	<u>(28,555)</u>
Total collections, credits, adjustments, & releases	<u>\$ 497,667</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
MUNICIPAL SERVICE DISTRICT LEVY
For the Fiscal Year Ended June 30, 2023

	Town-Wide			Total Levy	
	Property Valuation	Rate per \$100 Valuation	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	\$ 207,238,701	0.2400	\$ 497,373	\$ 495,536	\$ 1,837
Penalties	-		296	296	-
Total	<u>207,238,701</u>		<u>497,669</u>	<u>495,832</u>	<u>1,837</u>
Discoveries:					
Current year	3,672,942	0.2400	8,839	8,839	-
Abatements	-	0.2400	-	-	-
Total Property Valuation	<u>\$ 210,911,643</u>				
Net levy			<u>506,508</u>	<u>504,671</u>	<u>1,837</u>
Uncollected taxes at June 30, 2023			(2)	-	-
Current year taxes collected			<u>\$ 506,506</u>	<u>\$ 504,671</u>	<u>\$ 1,837</u>
Current levy collection percentage			<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

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STATISTICAL SECTION

This part of the Town of Kill Devil Hills annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	Page
Financial Trends	130
These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	141
These tables contain information to help the reader assess the Town's most significant local revenue source: property tax.	
Debt Capacity	146
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	149
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	152
These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 14,567,560	\$ 15,440,923	\$ 16,330,419	\$ 18,305,271
Restricted	3,298,044	3,226,059	4,761,304	6,803,628
Unrestricted	4,822,194	5,528,334	6,646,476	6,006,515
Total governmental activities net assets	\$ 22,687,798	\$ 24,195,316	\$ 27,738,199	\$ 31,115,414
Business-type activities				
Net investment in capital assets	\$ 1,149,215	\$ 11,512,502	\$ 12,315,193	\$ 12,593,967
Unrestricted	5,431,172	5,856,966	5,868,509	6,399,233
Total business-type activities net assets	\$ 6,580,387	\$ 17,369,468	\$ 18,183,702	\$ 18,993,200
Primary government				
Net investment in capital assets	\$ 25,986,775	\$ 26,953,425	\$ 28,645,612	\$ 30,899,238
Restricted	3,298,044	3,226,059	4,761,304	6,803,628
Unrestricted	10,253,366	11,385,300	12,514,985	12,405,748
Total primary government activities net position	\$ 39,538,185	\$ 41,564,784	\$ 45,921,901	\$ 50,108,614

TABLE 1

	2018	2019	2020	2021	2022	2023
\$	22,873,133	\$ 24,623,812	\$ 24,985,284	\$ 26,206,869	\$ 27,961,849	\$ 31,209,220
	5,400,659	5,221,050	6,277,666	6,462,727	14,190,930	11,159,372
	4,610,656	4,895,344	2,426,895	3,980,136	1,812,796	5,643,891
\$	<u>32,884,448</u>	<u>\$ 34,740,206</u>	<u>\$ 33,689,845</u>	<u>\$ 36,649,732</u>	<u>\$ 43,965,575</u>	<u>\$ 48,012,483</u>
\$	12,468,714	\$ 13,219,145	\$ 14,593,891	\$ 15,516,079	\$ 16,316,188	\$ 16,400,956
	7,028,749	7,653,992	7,339,325	7,452,471	8,246,309	9,741,284
\$	<u>19,497,463</u>	<u>\$ 20,873,137</u>	<u>\$ 21,933,216</u>	<u>\$ 22,968,550</u>	<u>\$ 24,562,497</u>	<u>\$ 26,142,240</u>
\$	35,341,847	\$ 37,842,957	\$ 39,579,175	\$ 41,722,948	\$ 44,278,037	\$ 47,610,176
	5,400,659	5,221,050	6,277,666	6,462,727	14,190,930	11,159,372
	11,639,405	12,549,336	9,766,220	11,432,607	10,059,105	15,385,175
\$	<u>52,381,911</u>	<u>\$ 55,613,343</u>	<u>\$ 55,623,061</u>	<u>\$ 59,618,282</u>	<u>\$ 68,528,072</u>	<u>\$ 74,154,723</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 3,861,294	\$ 3,782,202	\$ 4,215,197	\$ 4,295,980
Public safety	5,163,045	5,025,231	5,367,196	5,563,249
Transportation	810,639	1,025,237	1,090,516	1,244,348
Public works	293,137	278,640	295,855	353,600
Environmental protection	1,843,938	1,741,871	1,944,282	2,137,778
Interest on long-term debt	56,229	67,364	112,604	196,681
Total Governmental activities expenses	<u>12,028,282</u>	<u>11,920,545</u>	<u>13,025,650</u>	<u>13,791,636</u>
Business-type activities:				
Water Fund	3,303,040	3,124,575	3,087,792	3,155,456
Wastewater Fund	264,613	271,408	268,324	261,108
Total Business-type activities expenses	<u>3,567,653</u>	<u>3,395,983</u>	<u>3,356,116</u>	<u>3,416,564</u>
Total primary government activities expenses	<u>\$ 15,595,935</u>	<u>\$ 15,316,528</u>	<u>\$ 16,381,766</u>	<u>\$ 17,208,200</u>
Program revenues				
Governmental activities:				
Charges for services				
General government	\$ 369,121	\$ 319,112	\$ 435,952	\$ 491,739
Public safety	9,090	8,061	9,736	15,311
Transportation	-	-	-	-
Environmental protection	36,928	36,567	53,850	61,749
Operating grants and contributions				
General government	50,343	48,170	110,109	187,098
Public safety	27,181	15,101	11,211	5,341
Transportation	148,303	-	-	-
Environmental protection	-	-	-	-
Capital grants and contributions				
General Government	205,288	128,916	351,292	-
Public safety	-	-	-	-
Transportation	243,695	246,011	245,017	243,972
Total Governmental activities program revenues	<u>1,089,949</u>	<u>801,938</u>	<u>1,217,167</u>	<u>1,005,210</u>
Business-type activities				
Charges for services:				
Water Fund	3,293,340	3,399,553	3,560,155	3,585,800
Wastewater Fund	204,092	202,427	194,201	191,944
Operating grants and contributions				
Water Fund	-	-	-	-
Capital grants and contributions:				
Water Fund	217,000	271,000	293,000	422,000
Wastewater Fund	19,440	22,680	6,480	19,440
Total Business-type activities program revenues	<u>3,733,872</u>	<u>3,895,660</u>	<u>4,053,836</u>	<u>4,219,184</u>
Total primary government activities program revenues	<u>\$ 4,823,821</u>	<u>\$ 4,697,598</u>	<u>\$ 5,271,003</u>	<u>\$ 5,224,394</u>

TABLE 2

Page 1 of 2

	2018	2019	2020	2021	2022	2023
\$	5,084,613	\$ 6,487,420	\$ 7,483,506	\$ 7,182,255	\$ 6,855,333	\$ 8,076,522
	5,750,230	6,020,479	6,398,627	7,043,759	7,309,069	7,901,536
	1,317,258	1,557,859	1,594,774	1,735,100	1,724,607	2,238,118
	362,927	345,423	360,238	407,423	431,126	480,620
	2,167,078	2,372,400	2,438,992	2,738,733	2,878,474	3,063,891
	190,857	257,907	315,068	274,957	260,147	301,426
	<u>14,872,963</u>	<u>17,041,488</u>	<u>18,591,205</u>	<u>19,382,227</u>	<u>19,458,756</u>	<u>22,062,113</u>
	3,332,754	3,437,230	3,632,777	4,156,206	3,959,977	4,241,003
	272,205	265,718	267,655	271,283	162,082	167,829
	<u>3,604,959</u>	<u>3,702,948</u>	<u>3,900,432</u>	<u>4,427,489</u>	<u>4,122,059</u>	<u>4,408,832</u>
\$	<u>18,477,922</u>	<u>\$ 20,744,436</u>	<u>\$ 22,491,637</u>	<u>\$ 23,809,716</u>	<u>\$ 23,580,815</u>	<u>\$ 26,470,945</u>
\$	467,760	\$ 542,280	\$ 370,167	\$ 458,630	\$ 634,411	\$ 460,393
	16,598	18,084	13,891	15,203	14,835	14,261
	-	-	-	-	-	-
	43,054	59,424	71,453	82,886	92,796	97,902
	-	-	-	-	-	-
	21,313	38,601	60,726	81,629	1,194,528	1,188,204
	9,499	1,394	2,115	33,000	4,384	25,310
	-	-	-	-	-	258,458
	-	-	-	-	-	-
	659,393	312,454	226,184	487,686	4,216,149	1,414,001
	-	-	-	-	-	218,349
	468,872	606,970	241,387	283,988	275,526	275,549
	<u>1,686,489</u>	<u>1,579,207</u>	<u>985,923</u>	<u>1,443,022</u>	<u>6,432,629</u>	<u>3,952,427</u>
	3,773,336	4,003,745	4,711,705	4,940,915	5,815,612	5,630,907
	204,387	194,970	191,355	225,457	213,110	207,155
	-	-	-	6,369	-	-
	622,000	579,100	-	319,819	-	-
	35,640	7,386	-	-	-	-
	<u>4,635,363</u>	<u>4,785,201</u>	<u>4,903,060</u>	<u>5,492,560</u>	<u>6,028,722</u>	<u>5,838,062</u>
\$	<u>6,321,852</u>	<u>\$ 6,364,408</u>	<u>\$ 5,888,983</u>	<u>\$ 6,935,582</u>	<u>\$ 12,461,351</u>	<u>\$ 9,790,489</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	2014	2015	2016	2017
Net (Expense)/Revenue				
Governmental activities	\$ (10,938,333)	\$ (11,118,607)	\$ (11,808,483)	\$ (13,186,474)
Business-type activities	166,219	499,677	697,720	1,030,404
Total primary government net expense	<u>\$ (10,772,114)</u>	<u>\$ (10,618,930)</u>	<u>\$ (11,110,763)</u>	<u>\$ (12,156,070)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 6,556,573	\$ 7,199,585	\$ 8,468,389	\$ 8,545,173
Sales taxes	1,916,998	1,964,298	2,249,479	2,673,222
Occupancy taxes	2,144,664	2,197,414	2,352,908	2,682,850
Other taxes	1,174,464	558,306	592,072	1,844,516
Grants and contributions not restricted	-	958,530	1,081,808	1,077,009
Net unrestricted investment earnings (loss)	208,674	202,338	241,678	30,562
Miscellaneous	166,276	245,847	354,713	218,861
Transfers	-	-	-	-
Total Governmental activities	<u>12,167,649</u>	<u>13,326,318</u>	<u>15,341,047</u>	<u>17,072,193</u>
Business-type activities				
Unrestricted investment earnings	109,141	112,894	116,514	6,880
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total Business-type activities	<u>109,141</u>	<u>112,894</u>	<u>116,514</u>	<u>6,880</u>
Total primary government	<u>\$ 12,276,790</u>	<u>\$ 13,439,212</u>	<u>\$ 15,457,561</u>	<u>\$ 17,079,073</u>
Change in Net Position				
Governmental activities	\$ 1,229,316	\$ 2,207,711	\$ 3,532,564	\$ 3,532,564
Prior period adjustment - Governmental activities	(340,616)	(700,193)	-	-
Business-type activities	275,360	612,571	814,234	814,234
Prior period adjustment - Business-type activities	-	(93,490)	-	-
Total primary government change in net position	<u>\$ 1,164,060</u>	<u>\$ 2,026,599</u>	<u>\$ 4,346,798</u>	<u>\$ 4,346,798</u>

TABLE 2

	2018	2019	2020	2021	2022	2023
\$	(13,186,474)	\$ (15,462,281)	\$ (17,605,282)	\$ (17,939,205)	\$ (13,026,127)	\$ (18,109,686)
	1,030,404	1,082,253	1,002,628	1,065,071	1,906,663	1,429,230
\$	<u>(12,156,070)</u>	<u>(14,380,028)</u>	<u>(16,602,654)</u>	<u>(16,874,134)</u>	<u>(11,119,464)</u>	<u>(16,680,456)</u>
\$	8,662,987	\$ 8,859,629	\$ 9,372,751	\$ 10,029,663	\$ 10,161,974	\$ 10,346,426
	2,780,962	2,742,660	2,764,840	3,615,726	4,086,094	4,227,519
	2,924,648	2,901,475	2,740,880	4,228,903	4,587,045	4,443,839
	2,705,427	724,494	725,152	1,644,312	1,783,869	1,071,734
	1,076,406	1,099,660	1,080,755	1,033,498	1,087,125	1,134,105
	101,208	643,345	406,517	(67,286)	(880,528)	517,168
	499,392	346,776	273,568	414,276	(483,609)	415,803
	375,334	-	-	-	-	-
	<u>19,126,364</u>	<u>17,318,039</u>	<u>17,364,463</u>	<u>20,899,092</u>	<u>20,341,970</u>	<u>22,156,594</u>
	30,792	293,421	182,118	(29,737)	(312,716)	150,513
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>30,792</u>	<u>293,421</u>	<u>182,118</u>	<u>(29,737)</u>	<u>(312,716)</u>	<u>150,513</u>
\$	<u>19,157,156</u>	<u>17,611,460</u>	<u>17,546,581</u>	<u>20,869,355</u>	<u>20,029,254</u>	<u>22,307,107</u>
\$	5,939,890	\$ 1,855,758	\$ (240,819)	\$ 2,959,887	\$ 7,315,843	\$ 4,046,908
	(4,170,856)	-	(809,542)	-	-	-
	1,061,196	1,375,674	1,184,746	1,035,334	1,593,947	1,579,743
	(556,933)	-	(124,667)	-	-	-
\$	<u>2,273,297</u>	<u>3,231,432</u>	<u>9,718</u>	<u>3,995,221</u>	<u>8,909,790</u>	<u>5,626,651</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Non-Spendable	\$ 116,275	\$ 124,969	\$ 141,784	\$ 178,190
Restricted	3,296,763	3,223,261	4,121,998	5,965,987
Assigned	320,156	44,756	159,709	415,248
Unassigned	<u>6,062,140</u>	<u>7,772,394</u>	<u>9,094,063</u>	<u>9,813,121</u>
Total General Fund	<u>\$ 9,795,334</u>	<u>\$ 11,165,380</u>	<u>\$ 13,517,554</u>	<u>\$ 16,372,546</u>
All Other Governmental Funds				
Restricted	\$ 1,281	\$ 2,798	\$ 639,306	\$ 837,641
Assigned	<u>501,564</u>	<u>601,583</u>	<u>6,031,270</u>	<u>2,250,918</u>
Total all other governmental funds	<u>\$ 502,845</u>	<u>\$ 604,381</u>	<u>\$ 6,670,576</u>	<u>\$ 3,088,559</u>

1. In July 2015, the Town created and taxed a municipal service district. Taxes are collected and funds are held for future beach nourishment.

TABLE 3

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$	147,216	\$ 162,783	\$ 141,784	\$ 178,972	\$ 204,201	\$ 233,072
	5,400,659	5,221,050	4,121,998	6,462,727	10,489,716	10,814,670
	2,820,363	1,178,473	159,709	1,953,126	2,254,309	853,047
	<u>9,642,299</u>	<u>12,483,453</u>	<u>9,094,063</u>	<u>13,393,221</u>	<u>16,168,197</u>	<u>18,714,635</u>
\$	<u><u>18,010,537</u></u>	<u><u>19,045,759</u></u>	<u><u>13,517,554</u></u>	<u><u>21,988,046</u></u>	<u><u>29,116,423</u></u>	<u><u>30,615,424</u></u>
\$	104,402	\$ 27,365	\$ 639,306	\$ 53,865	\$ 3,701,214	\$ 344,702
	<u>398,487</u>	<u>4,812,133</u>	<u>6,031,270</u>	<u>887,481</u>	<u>-</u>	<u>-</u>
\$	<u><u>502,889</u></u>	<u><u>4,839,498</u></u>	<u><u>6,670,576</u></u>	<u><u>941,346</u></u>	<u><u>3,701,214</u></u>	<u><u>344,702</u></u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Ad valorem taxes	\$ 6,571,750	\$ 7,202,742	\$ 8,486,724	\$ 8,532,846
Other taxes and licenses	4,565,104	4,749,641	5,196,512	6,011,675
Unrestricted intergovernmental revenues	757,693	958,530	1,081,808	1,077,009
Restricted intergovernmental revenues	669,490	438,199	717,628	1,632,377
Permits and fees	287,690	289,289	435,792	491,719
Sales and services	46,098	44,828	61,694	70,027
Net investment earnings	208,673	202,338	241,678	30,561
Other revenues	157,634	128,639	184,443	142,370
Total revenues	<u>13,264,132</u>	<u>14,014,206</u>	<u>16,406,279</u>	<u>17,988,584</u>
Expenditures				
General government	3,751,197	3,851,383	5,587,853	3,502,880
Public safety	5,994,729	5,371,506	5,771,540	5,161,344
Transportation	1,418,280	1,375,385	1,451,655	660,636
Public works	288,160	295,786	302,969	352,005
Environmental protection	2,203,769	1,615,425	2,733,216	1,829,769
Capital outlay	-	-	-	6,856,447
Debt service				
Principal	746,993	877,883	1,245,343	1,521,823
Interest	49,620	69,461	88,330	198,993
Total expenditures	<u>14,452,748</u>	<u>13,456,829</u>	<u>17,180,906</u>	<u>20,083,897</u>
Excess (deficiency) of revenues over expenditures	(1,188,616)	557,377	(774,627)	(2,095,313)
Other financing sources				
Installment purchase obligations issued	2,129,634	836,788	9,012,406	1,279,031
Lease liabilities issued	-	-	-	-
SBITA liabilities issued	-	-	-	-
Sale of capital assets	8,642	77,417	170,270	89,257
Transfers from other funds	-	-	-	-
Total other financing sources	<u>2,138,276</u>	<u>914,205</u>	<u>9,182,676</u>	<u>1,368,288</u>
Net change in fund balances	<u>\$ 949,660</u>	<u>\$ 1,471,582</u>	<u>\$ 8,408,049</u>	<u>\$ (727,025)</u>
Debt service as a percentage of non-capital expenditures	7.00%	7.04%	7.76%	13.01%

TABLE 4

	2018	2019	2020	2021	2022	2023
\$	8,662,987	\$ 8,870,753	\$ 9,351,102	\$ 10,062,733	\$ 10,174,622	\$ 10,347,716
	6,435,741	6,377,054	6,239,043	9,496,381	10,464,975	9,750,361
	1,076,406	1,099,660	1,080,755	1,033,497	1,087,125	1,134,105
	3,157,710	959,419	530,412	886,304	5,690,586	3,379,871
	467,640	542,200	370,047	458,610	634,371	460,392
	50,990	69,164	77,293	90,668	99,703	104,895
	101,209	643,345	406,517	(67,286)	(880,528)	517,168
	137,478	305,191	276,800	223,981	202,401	270,739
	<u>20,090,161</u>	<u>18,866,786</u>	<u>18,331,969</u>	<u>22,184,888</u>	<u>27,473,255</u>	<u>25,965,247</u>
	4,291,354	3,904,598	4,497,761	4,076,114	4,470,249	4,916,304
	5,334,884	5,607,014	5,982,023	6,416,720	6,752,789	7,395,116
	658,173	804,009	753,513	967,574	956,640	1,373,021
	360,764	350,104	354,577	387,546	415,905	462,080
	1,780,237	1,943,995	1,976,663	2,240,784	2,366,274	2,614,515
	7,580,433	3,345,417	5,456,895	4,077,894	6,618,816	7,416,533
	2,650,038	2,800,976	2,975,336	2,653,540	3,135,937	5,539,308
	190,071	177,586	324,954	289,610	272,702	298,080
	<u>22,845,954</u>	<u>18,933,699</u>	<u>22,321,722</u>	<u>21,109,782</u>	<u>24,989,312</u>	<u>30,014,957</u>
	(2,755,793)	(66,913)	(3,989,753)	1,075,106	2,483,943	(4,049,710)
	1,083,447	5,393,437	1,235,727	505,613	5,831,996	2,054,744
	-	-	-	-	47,860	-
	-	-	-	-	-	22,390
	174,667	45,307	26,224	191,218	1,524,446	115,065
	550,000	-	-	-	-	-
	<u>1,808,114</u>	<u>5,438,744</u>	<u>1,261,951</u>	<u>696,831</u>	<u>7,404,302</u>	<u>2,192,199</u>
\$	<u>(947,679)</u>	<u>\$ 5,371,831</u>	<u>\$ (2,727,802)</u>	<u>\$ 1,771,937</u>	<u>\$ 9,888,245</u>	<u>\$ (1,857,511)</u>
	18.60%	19.11%	19.57%	8.37%	18.55%	25.83%

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TABLE 5

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014 [1]	\$ 6,552,229	\$ 6,502,619	99.24%	\$ 42,539	\$ 6,545,158	99.89%
2015	7,209,270	7,163,911	99.37%	42,851	7,206,762	99.97%
2016	7,603,318	7,566,290	99.51%	34,567	7,600,857	99.97%
2017	7,708,863	7,656,208	99.32%	51,610	7,707,818	99.99%
2018	7,823,759	7,787,631	99.54%	33,933	7,821,564	99.97%
2019	8,030,058	7,995,088	99.56%	31,061	8,026,149	99.95%
2020	8,506,598	8,452,932	99.37%	48,503	8,501,435	99.94%
2021 [1]	9,143,441	9,117,489	99.72%	19,792	9,137,281	99.93%
2022	9,273,620	9,248,274	99.73%	14,582	9,262,856	99.88%
2023	9,412,904	9,387,778	99.73%	[2]	9,387,778	99.73%

Source: Dare County Tax Department

[1] Revaluation of taxable property occurred on January 1, 2013 and January 1, 2020.

Each year's tax levy is revised every year to reflect pick-ups and releases applicable to that year.

Subsequent year's tax collections include subsequent collections of the original levy and collections of pick-ups and releases applicable to each particular year.

[2] Not applicable.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property [1]	Personal Property		Public Service Companies [2]
		Personal Property	Motor Vehicles	
2014	\$ 1,885,454,363	\$ 42,814,370	\$ 82,815,517	\$ 28,200,352
2015	1,904,314,924	44,425,564	78,866,092	27,603,170
2016	1,923,525,862	44,590,516	81,180,033	27,214,962
2017	1,948,950,823	46,719,533	79,421,174	27,283,854
2018	1,972,811,341	47,368,616	82,041,312	32,951,844
2019	2,005,846,399	52,700,325	87,344,332	47,737,572
2020	2,035,044,064	56,535,635	88,798,188	33,810,994
2021	2,756,789,808	63,019,562	112,362,129	36,477,039
2022	2,797,308,277	61,763,939	116,381,436	37,191,048
2023	2,827,643,064	70,465,694	128,505,337	38,646,285

Notes: The levy of property taxes each year is based on the assessed value of taxable property as of January 1, before the beginning of the fiscal year on July 1. Revaluation of real property, was completed on January 1, 2013 as well as January 1, 2020. The assessed values reported are those adjusted amounts reported as of June 30 for each particular year. Subsequent year changes to the levy are not reflected in this table.

Source: Dare County Tax Department

- [1] Residential and commercial real property breakdowns are not available.
- [2] Public service companies valuations are provided to the Town by the NC Department of Revenue.
- [3] Tax rates are expressed in dollars of tax per \$100 of assessed value.
- [4] The estimated market value is calculated by dividing the assessed value by a sales-to-assessment ratio determined annually by the NC Department of Revenue. The ratio is based on samples of actual property sales which took place during the fiscal year.

These amounts include both real and personal property.

TABLE 6

	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate [3]</u>	<u>Sales to Assessment Ratio [4]</u>	<u>Estimated Actual Taxable Value</u>
\$	2,039,284,602	0.3209	93.80%	\$ 2,174,077,401
	2,055,209,750	0.3509	93.80%	2,191,055,171
	2,076,511,373	0.3809	95.17%	2,181,896,998
	2,102,375,384	0.3809	92.42%	2,274,805,652
	2,135,173,113	0.3809	90.27%	2,365,318,614
	2,193,628,628	0.3809	88.93%	2,466,691,362
	2,214,188,881	0.4000	83.49%	2,652,040,820
	2,968,648,538	0.3200	102.57%	2,894,265,905
	3,012,644,700	0.3200	99.91%	3,015,358,523
	3,065,260,380	0.3200	99.91%	3,068,021,599

TABLE 7

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPERTY TAX RATES OF DIRECT AND OVERLAPPING
GOVERNMENTAL JURISDICTIONS [1]
Last Ten Fiscal Years

Year Ended June 30,	Town of Kill Devil Hills [2]		County of Dare [3]
	Town Wide	MSD [4]	
2014	0.3209	-	0.43
2015	0.3509	-	0.43
2016	0.3809	0.3300	0.43
2017	0.3809	0.3300	0.43
2018	0.3809	0.3300	0.47
2019	0.3809	0.3300	0.47
2020	0.4000	0.3300	0.47
2021	0.3200	0.2400	0.4005
2022	0.3200	0.2400	0.4005
2023	0.3200	0.2400	0.4005

[1] All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

[2] Town of Kill Devil Hills Tax and Finance Department.

[3] Dare County Tax Assessment Office.

[4] Municipal Service District in addition to the town wide rate

TABLE 8

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	June 30, 2023			June 30, 2014		
	Taxable Assessed Value	Rank	Percent of Total Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Assessed Valuation
Dominion NC Power	\$ 34,338,940	1	1.17%	\$ 21,954,412	2	1.12%
Outer Banks Beach Club	21,757,200	2	0.74%	24,071,600	1	1.23%
First Flight Hotel, LLC	17,757,500	3	0.60%			
Run Hill Apartments, LLC	17,257,700	4	0.59%			
O. W. L. Neal Partnership (Ramada Inn)	12,076,300	5	0.41%	9,819,100	5	0.50%
Morrison Farm Assoc II, LLP	11,467,700	6	0.39%	8,215,400	7	0.42%
View, LLC	10,790,552	7	0.37%	16,183,605	3	0.83%
ON Trading Corp	10,337,700	8	0.35%			
Sea Ranch Resort, LLC	9,895,672	9	0.34%	7,480,255	9	0.38%
Newman, Brian K	8,666,596	10	0.29%	7,759,095	8	0.40%
Lowe's Home Center				11,348,700	4	0.58%
First Flight Retreat				7,083,305	10	0.36%
Sutton Street Development (Comfort Inn)				8,824,600	6	0.45%
	<u>\$ 154,345,860</u>		<u>5.25%</u>	<u>\$ 122,740,072</u>		<u>6.27%</u>

Source: Dare County Tax Department

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Outstanding Debt						Total Primary Government
	Governmental Activities			Business-type Activities			
	Installment Financings	Leases	IT Subscription Agreements	Installment Note	GASB-87 Leases		
2014	\$ 1,424,961	\$ 2,239,099	\$ -	\$ 45,009	\$ -	\$ -	\$ 3,709,069
2015	1,186,071	2,436,894	-	42,196	-	-	3,665,161
2016	8,167,293	3,222,737	-	39,383	-	-	11,429,413
2017	7,774,252	3,372,984	-	36,570	-	-	11,183,806
2018	6,373,873	3,206,773	-	33,757	-	-	9,614,403
2019	12,173,105	-	-	30,944	-	-	12,204,049
2020	10,433,496	-	-	28,131	-	-	10,461,627
2021	8,285,569	-	-	25,318	-	-	8,310,887
2022	10,987,270	39,549	-	22,504	2,131	-	11,051,454
2023	7,512,365	31,380	12,640	19,690	13,143	-	7,589,218

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

[1] See Table 6 - Assessed value and estimated actual value of taxable property for estimated actual taxable property value.

[2] See Table 11 - Demographic and Economic Statistics for personal income and population data.

* Information Unavailable

TABLE 9

Percent of Estimated Actual
Taxable Property Value [1]

Governmental Activities	Total	Per Capita [2]	Percent of Personal Income [2]
0.18%	0.18%	531	*
0.18%	0.18%	523	*
0.55%	0.55%	1,601	*
0.53%	0.53%	1,554	*
0.41%	0.41%	1,333	*
0.49%	0.50%	1,680	*
0.39%	0.39%	1,418	*
0.29%	0.29%	1,083	*
0.37%	0.37%	1,421	*
0.25%	0.25%	975	*

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable [1]</u>	<u>Estimated Share of Overlapping Debt</u>
Dare County	\$ 135,868,096	27.52%	\$ 37,392,321
Town of Kill Devil Hills direct debt			7,556,385
Total direct and overlapping debt			<u>\$ 44,948,706</u>

Sources: Assessed value data used to estimate applicable percentages and debt outstanding data provided by Dare County.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Kill Devil Hills. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken in to account. However, this does not imply that every taxpayer is a resident, and therefore responsible for, repaying the debt of each overlapping government.

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	TOWN OF KILL DEVIL HILLS		DARE COUNTY		
	Population [1]	Personal Income [5]	Per Capita Personal Income [4]	School Enrolment [3]	Unemployment Percentage Rate [2]
2014	6,985	\$ 309,631,080	\$ 44,328	4,978	4.7%
2015	7,010	340,700,020	48,602	5,008	5.5%
2016	7,137	351,482,976	49,248	5,029	7.3%
2017	7,195	384,320,925	53,415	5,166	6.7%
2018	7,212	406,136,568	56,314	5,151	5.9%
2019	7,266	419,161,008	57,688	5,233	5.0%
2020	7,378	437,072,720	59,240	5,367	8.2%
2021	7,674	528,638,838	68,887	5,131	6.9%
2022	7,777	*	*	5,140	4.8%
2023	7,781	*	*	5,109	4.3%

[1] North Carolina Demographer's Office.

[2] Employment Security Commission.

[3] Dare County Board of Education, as of the end of the school term.

[4] Bureau of Economic Analysis.

[5] Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce.

* - Information unavailable

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TABLE 12

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PRINCIPAL EMPLOYERS,
Current Year and Nine Years Ago

Employers	June 30, 2023			June 30, 2014		
	Employees [1]	Rank	Percent of Total Town Employment	Employees [1]	Rank [2]	Percent of Total Town Employment
Dare County Schools	500 - 999	1	*	500 - 999	1	*
County of Dare	500 - 999	2	*	500 - 999	2	*
Food Lion	250 - 499	3	*	250 - 499	3	*
Harris Teeter Inc	100 - 249	4	*	100 - 249	5	*
Lowes Home Centers, Inc.	100 - 249	5	*	-	-	*
Town of Kill Devil Hills	100 - 249	6	*	100 - 249	6	*
Kellogg Supply Co., Inc.	100 - 249	7	*	-	-	*
Publix	100 - 249	8	*	-	-	*
Sun Realty	50 - 99	9	*	100 - 249	4	*
McDonald's	50 - 99	10	*	-	-	*

[1] Employment data is only available in ranges from the North Carolina Employment Security Commission.

[2] Employment data is only available in rank 1-8 from the North Carolina Employment Security Commission.

* Information unavailable for the Town of Kill Devil Hills

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
FULL-TIME-EQUIVALENT TOWN GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>			
General government			
Administration	5	5	6
Finance and Tax	6 1/2	6 1/2	6 1/2
Management Information Services	1	1	1
Planning and Development	8	8	7
Building and Grounds	4 3/4	4 3/4	4 3/4
Public Safety			
Police	33	33	33
Animal Control	2	2	2
Fire	20 1/2	20 1/2	20 1/2
Ocean Rescue	24 1/2	24 1/2	26 1/2
Year-round	1 1/2	1 1/2	1 1/2
Seasonal Lifeguards	23	23	25
Transportation			
Streets	5	5	5 3/4
Public Works			
Fleet Maintenance	4 1/2	4 1/2	4 1/2
Environmental Protection			
Solid Waste	11	11	10 3/4
Water			
Water Administration	6	6	6
Water Treatment Plant	4	4	4
Water System	4	4	4 1/4

Source: Town of Kill Devil Hills Finance Department

Note: This schedule represents number of positions authorized per the budget ordinance as of July 1 of each year. Vacant positions are included in the above numbers.

TABLE 13

2017	2018	2019	2020	2021	2022	2023
6	6	6	6	6	6	6
6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
1	1	1	1	1	1	1
7	7	7	7	7	7	7
4 3/4	4 3/4	5 1/4	5 1/4	5 1/4	6 3/4	6 3/4
33	33	33	33	33	33	33
2	2	2	2	2	2	2
20 1/2	20 1/2	20 1/2	20 1/2	20 1/2	20 1/2	20 1/2
26 1/2	26 1/2	26 1/2	27 1/2	27 1/2	27 1/2	27 1/2
1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
25	25	25	26	26	26	26
5 3/4	5 3/4	5 3/4	5 3/4	5 3/4	6 3/4	6 3/4
4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
10 3/4	10 3/4	10 3/4	11 3/4	11 3/4	12 1/4	12 1/4
6	6	6	6	6	6	6
4	4	4	4	4	4	4
4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Population	6,895	7,010	7,137
Police:			
Crime Activity: Reported			
Murder (includes attempts):	1	1	2
Rape (includes attempts):	6	9	11
Robbery (includes attempts):	4	3	1
Assaults (felonious & misdemeanor):	141	142	168
Burglary(breaking/entering-structures):	170	138	186
Larceny:	245	228	303
Auto Larceny:	13	9	10
Arson/unlawful burnings:	1	4	1
All other crimes (unspecified above):	1,009	1,103	772
Total Crime:	1,590	1,637	1,454
Traffic Activity:			
Traffic Accidents	405	401	434
Driving while impaired arrests	63	92	66
General traffic violations-citation	1,217	1,621	1,172
General traffic violations-warning	1,295	2,197	1,862
Parking violations-citation issued	92	109	112
Total Traffic	3,072	4,420	3,646
General Calls for Service:			
Police calls-emergency status, non-emergency, traffic control	15,622	23,775	20,785
Animal control calls			
Total General Calls for Service	15,622	23,775	20,785
Total all Police/Animal Control Activity	20,284	29,832	25,885
Fire:			
Number of volunteer firemen	21	24	19
Number of calls answered	1,366	1,428	1,350
Total dollar loss	\$ 215,250	\$ 391,106	\$ 177,500

TABLE 14

Page 1 of 3

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
7,195	7,212	7,266	7,378	7,674	7,777	7,781
-	-	-	-	-	-	1
6	2	6	4	5	2	3
2	1	2	3	-	2	2
198	147	164	161	171	130	103
148	318	115	71	77	67	100
285	358	268	173	141	145	108
10	16	3	8	14	10	17
1	-	1	1	-	-	-
849	651	763	710	982	918	677
1,499	1,493	1,322	1,131	1,390	1,274	1,011
395	476	465	403	451	454	475
69	47	58	66	147	131	62
1,215	986	1,255	895	1,104	819	791
1,921	2,130	2,030	1,360	2,083	1,151	1,018
164	160	250	213	79	111	80
3,764	3,799	4,058	2,937	3,864	2,666	2,426
20,025	21,179	19,711	17,379	20,032	19,172	18,878
20,025	21,179	19,711	17,379	20,032	19,172	18,878
25,288	26,471	25,091	21,447	25,286	23,112	22,315
22	24	24	25	23	17	17
1,598	1,591	1,610	1,545	1,723	1,744	1,844
\$ 404,317	\$ 220,685	\$ 203,515	\$ 913,500	\$ 3,541,801	\$ 204,950	\$ 1,380,065

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Planning:			
Building permits:			
One and Two Family Dwellings	52	60	64
Residential multi-family	-	1	-
Government	-	-	2
Non-residential	1	1	1
Additions/remodel	336	338	375
Sign/banners	44	51	38
Electrical	46	66	49
Mechanical	230	276	294
Plumbing	4	9	27
Demolition	8	13	12
Fine	1	3	4
Re-inspection	1	-	1
Re-instatement fee	-	-	-
Number of CAMA permits issued	26	23	24
Number of land disturbance permits issued	9	1	3
Number of occupancy permits issued	56	49	70
Number of site plan reviews	85	81	107
Number of zoning amendments	2	3	2
Number of variance applications	8	1	2
Number of exempt plats issued	3	4	7
Field inspections:			
Number of code compliance	4,685	4,602	4,780
Number of zoning/planning	504	606	1,503
Total building permit fees	\$ 215,565	\$ 228,705	\$ 300,369
Total site plan review fees	\$ 24,086	\$ 15,442	\$ 84,738
Total occupancy permit fees	\$ 2,850	\$ 2,650	\$ 3,600
Total CAMA permit fees	\$ 4,285	\$ 3,700	\$ 3,625
Total construction valuation	\$ 23,978,292	\$ 28,524,349	\$ 30,600,902

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	68	81	66	65	83	85	69
	1	3	5	1	2	3	1
	-	7	-	2	-	1	-
	3	1	2	-	2	3	6
	348	366	372	428	424	436	470
	37	40	30	37	31	21	31
	44	70	103	102	79	83	97
	315	342	317	276	324	324	302
	4	11	17	37	10	11	10
	18	7	11	14	5	18	8
	7	9	6	9	5	2	5
	1	1	-	11	8	6	11
	-	-	5	14	16	6	45
	28	20	22	17	21	34	20
	12	12	5	22	18	32	17
	73	76	69	78	81	85	88
	101	109	113	92	123	133	94
	4	3	4	-	2	5	1
	1	2	1	1	3	5	-
	5	7	5	7	6	7	2
	5,418	4,676	4,106	4,574	4,661	4,577	5,040
	2,435	2,177	1,836	1,852	1,654	1,783	1,796
\$	366,152	\$ 417,614	\$ 455,450	\$ 343,149	\$ 356,311	\$ 549,917	\$ 427,223
\$	68,757	\$ 32,139	\$ 78,714	\$ 16,681	\$ 88,383	\$ 67,082	\$ 21,555
\$	3,650	\$ 3,800	\$ 3,450	\$ 3,900	\$ 4,000	\$ 4,250	\$ 4,400
\$	3,470	\$ 2,465	\$ 2,880	\$ 2,210	\$ 2,610	\$ 4,995	\$ 2,635
\$	41,000,479	\$ 45,136,707	\$ 51,871,265	\$ 37,486,354	\$ 39,877,177	\$ 69,623,909	\$ 72,903,839

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
 OPERATING INDICATORS BY FUNCTION/PROGRAM,
 Last Ten Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Refuse collection:			
Refuse collection (tons)	8,929.10	8,976.00	9,436.00
Water:			
Number of new services	54	72	60
Number of new customers	266	437	333
Daily consumption (million gallons)	1.2	1.2	1.2
Maximum daily capacity of plant(million gallons)	7.4	7.4	7.4
Maximum contracted per day(million gallons)	3.0	3.0	3.0
Wastewater:			
Number of customers	203	204	203
Production (million gallons)	*	*	*
Maximum daily capacity of plant (million gallons)	*	*	*

* Information Unavailable

Source: Budget documents and individual Town departments.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
9,852.00	9,693.00	9,665.00	9,615.00	10,958.00	10,684.00	10,423.00
84	59	74	72	96	127	96
363	333	357	357	519	535	328
1.2	1.2	1.2	1.2	1.2	1.2	1.2
7.4	7.4	7.4	7.4	7.4	7.4	7.4
3.0	3.0	3.0	3.0	3.0	3.0	3.0
208	217	219	218	218	221	224
*	*	*	*	*	*	*
*	*	*	*	*	*	*

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police stations	1	1	1
Animal control facilities	1	1	1
Fire stations	1	1	1
Ocean rescue facilities	1	1	1
Refuse collection			
Collection trucks	12	12	14
Other public works			
Paved streets (miles)	59.17	59.17	59.17
Unpaved streets (miles)	3.18	3.18	3.18
Street lights	447	447	436
Parks and recreation			
Number of parks	5	5	5
Number of tennis courts	6	6	6
Number of bath houses	1	1	1
Number of piers			
Ocean (private)	1	1	1
Sound (public)	1	1	1
Number of ocean beach accesses			
Local (public)	10	10	10
Neighborhood (public)	18	18	18
Regional (public)	1	1	1
Number of sound accesses (public)	4	4	4
Bike path mileage	9.51	9.51	9.51
Water			
Plants	1	1	1
Water mains (miles)	79.7	79.7	79.78
Fire hydrants	591	591	624
Water storage capacity:			
Ground (million gallons)	1.2	1.2	1.2
Elevated (million gallons)	.450	.450	.450
Wastewater			
Mains (miles)	3.11	3.11	3.11

Source: Budget documents and individual Town departments.

TABLE 15

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
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
14	14	14	14	14	14	14
59.17	59.81	60.17	60.17	60.24	60.6	60.65
3.18	3.18	3.18	3.18	3.15	3.15	3.15
436	436	436	436	436	436	436
5	5	5	5	5	5	5
6	6	6	6	6	6	6
1	1	1	1	2	2	2
1	1	1	1	1	1	1
1	1	1	1	2	2	2
10	10	10	10	10	10	10
18	18	18	18	18	18	18
1	1	1	1	1	1	1
4	4	4	4	4	4	4
9.51	10.57	10.83	11.18	11.46	11.96	13.45
1	1	1	1	1	1	1
79.72	80.19	80.58	80.58	80.58	80.96	80.96
626	631	635	636	637	647	652
1.2	1.2	1.2	1.2	1.2	1.2	1.2
.450	.450	.450	.65	.65	.65	.65
3.11	3.13	3.13	3.13	3.13	3.13	3.13

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The **Compliance Section** has been prepared in accordance with the Federal Single Audit Act of 1984, the Federal Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular A-133, the Audit Manual for Governmental Auditors in North Carolina and North Carolina General Statute 159-34 which established audit requirements for local government units that receive Federal and State financial assistance.

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Honorable Mayor and Town Council
Kill Devil Hills, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kill Devil Hills, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Town of Kill Devil Hills' basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Kill Devil Hills' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Kill Devil Hills' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Kill Devil Hills' 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 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 the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Kill Devil Hills' 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 financial statements. 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.

Potter & Company, P.A.

November 15, 2023
Monroe, North Carolina



POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
WITH OMB UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditors' Report

To the Honorable Mayor and Town Council
Town of Kill Devil Hills, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Kill Devil Hills, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Kill Devil Hills' major federal programs for the year ended June 30, 2023. The Town of Kill Devil Hills' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Kill Devil Hills complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over

compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Potter & Company, P.A.

November 15, 2023
Monroe, North Carolina



POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
WITH OMB UNIFORM GUIDANCE AND
THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditors' Report

To the Honorable Mayor and Town Council
Town of Kill Devil Hills, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Kill Devil Hills, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Kill Devil Hills' major State programs for the year ended June 30, 2023. The Town of Kill Devil Hills' major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Kill Devil Hills complied, in all material respects, with the types 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Kill Devil Hills State programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Kill Devil Hills' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Kill Devil Hills' compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditors' Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in

internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

Potter & Company, P.A.

November 15, 2023
Monroe, North Carolina

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2023**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements
Audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted.

_____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered
to be material weaknesses. _____ yes X none reported

Noncompliance material to federal awards.

_____ yes X no

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

Unmodified, for all federal programs.

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major federal programs:

Assistance Listing No.
21.027

Names of Federal Programs or Cluster
Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B Programs.

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2023**

State Awards

Internal control over major State Programs:

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

Noncompliance material to State awards. _____ yes X no

Type of auditors' report issued on compliance for major State programs: Unmodified

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

Identification of major State programs:

Program Name

Division of Water Quality – Shore Protection Project

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2023**

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2023**

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

**TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2023**

None

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TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2023

<u>Grantor Agency/Major Subdivision</u> <u>Pass-through Grantor(s)</u> <u>Program Title</u>	<u>Federal</u> <u>Assistance Listing</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct and</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
<i>Federal Grants:</i>				
<u>U.S. Department of Homeland Security</u>				
Passed-through N.C. Department of Public Safety:				
Division of Emergency Management:				
Disaster Grants - Disaster Assistance	97.036	4465-DR-NC	\$ 522,921	\$ 174,307
Assistance to Firefighters Grant	97.044		218,349	-
Total U.S. Department of Homeland Security			<u>741,270</u>	<u>174,307</u>
<u>U.S. Department of Justice</u>				
Passed-through N.C. Department of Public Safety:				
Governor's Crime Commission Grants:				
Patrick Leahy Bulletproof Vest Partnership	16.607		3,320	-
Total U.S. Department of Justice			<u>3,320</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed-through the Office of State Budget and Management:				
NC Pandemic Recovery Office:				
Coronavirus State and Local Fiscal Recovery Funds	21.027		2,337,008	-
Total U.S. Department of Treasury			<u>2,337,008</u>	<u>-</u>
Total federal awards			<u>3,081,598</u>	<u>174,307</u>
<i>State Grants:</i>				
<u>N.C. Department of Agriculture and Consumer Services</u>				
Streamflow Rehab Assistance Program		22-080-4051	-	258,458
Total N.C. Department of Agriculture and Consumer Services			<u>-</u>	<u>258,458</u>
<u>N.C. Department of Transportation</u>				
Powell Bill		DOT-4	-	341,233
Total N.C. Department of Transportation			<u>-</u>	<u>341,233</u>
<u>N.C. Department of Environmental Quality</u>				
Division of Water Quality - Shore Protection Project		CW 19035	-	839,588
Total N.C. Department of Environmental Quality			<u>-</u>	<u>839,588</u>
Total Assistance - State Programs			<u>-</u>	<u>1,439,279</u>
Total Federal and State awards			<u>\$ 3,081,598</u>	<u>\$ 1,613,586</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Kill Devil Hills under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Kill Devil Hills, it is not intended to and does not present the financial position, changes in net position of cash flows of The Town of Kill Devil Hills.

Note 2. Summary of Significant Accounting Policies

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

The Town of Kill Devil Hills has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.