

Annual Comprehensive Financial Report

Year Ended June 30, 2024



Town of Kill Devil Hills

North Carolina

Cover Art Photo by
Rachael Tackett, Public Information Officer
Meekins Field Splash Pad in Action

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

*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, 2024**

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Mayor
JOHN L. WINDLEY
Mayor Pro Tem
IVY RAY INGRAM
Commissioners
TERRY L. GRAY
T. DILLON HEIKENS
BERNARD B. MCAVOY, JR.



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 12, 2024

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, 2024.

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, 2024 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, 2024, 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 \$1,212,500, and Powell Bill funds in the amount \$166,345 in the FY 2025 budget will provide funds for future street projects. The Capital Reserve funds for Shoreline and Recreational Facilities will each receive \$75,000 for future projects while the Sidewalks Reserve will receive \$153,000. 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 \$877,005 will include the purchase of 2 pickup trucks, 6 police vehicles, a motor grader, and a skid steer.

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. Building upgrades at the Water Plant and Water Systems buildings are estimated at \$300,000 and \$250,000 respectively while \$134,000 has been allocated for 3 pickup trucks. Additionally, \$500,000 has been estimated for upgrades to the water systems in tandem with streets upgrades during the year. 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 \$324,000 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 25. 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 was completed in July 2024. Upon issuance of the certificate of occupancy for the building, the Town began 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 \$15,860,438.

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, 2023. 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

Samuel S. Angelo, CPA
Asst. Director of Tax and Finance

Land Where Flight Began

Elected Officials

Mayor
Mayor Pro Tempore
Commissioner
Commissioner
Commissioner

John L. Windley
Ivy Ray Ingram
Terry L. Gray
T. Dillon Heikens
Bernard B. McAvoy Jr.

Appointed

Town Attorney
Town Manager

Casey C. Varnell
Debora P. Diaz

Town Administration

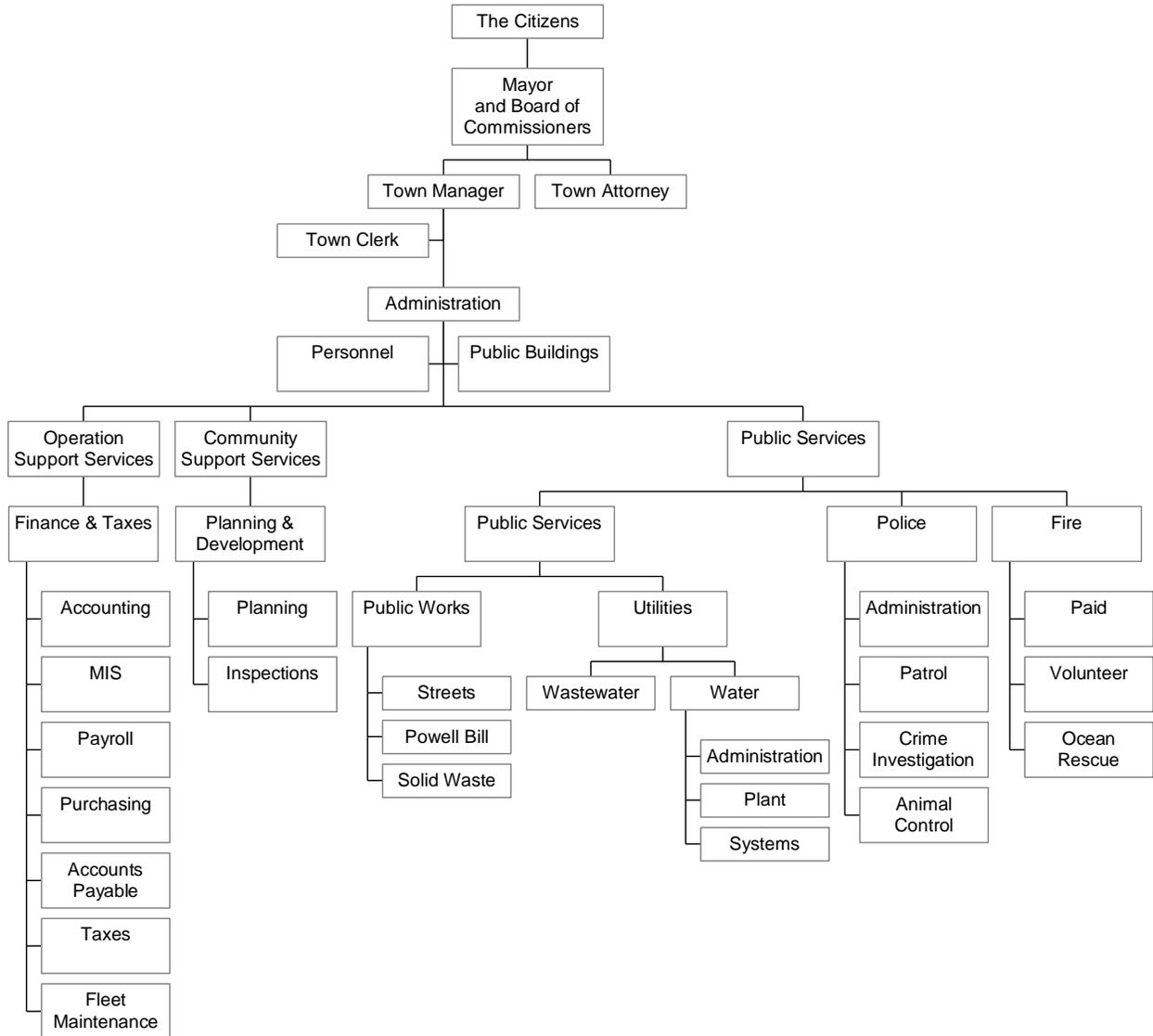
Town Clerk
Assistant Town Manager
Finance Director
Planning Director
Public Services Director
Fire Chief
Police Chief

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, 2024





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, 2023

Christopher P. Morill

Executive Director/CEO

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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, 2024, 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, 2024, 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 86 through 89, 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 90 through 93, and the Other Post Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 94 through 95, 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, and other schedules 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, and other schedules, 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 12, 2024, 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 12, 2024
Monroe, North Carolina

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

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, 2024. 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

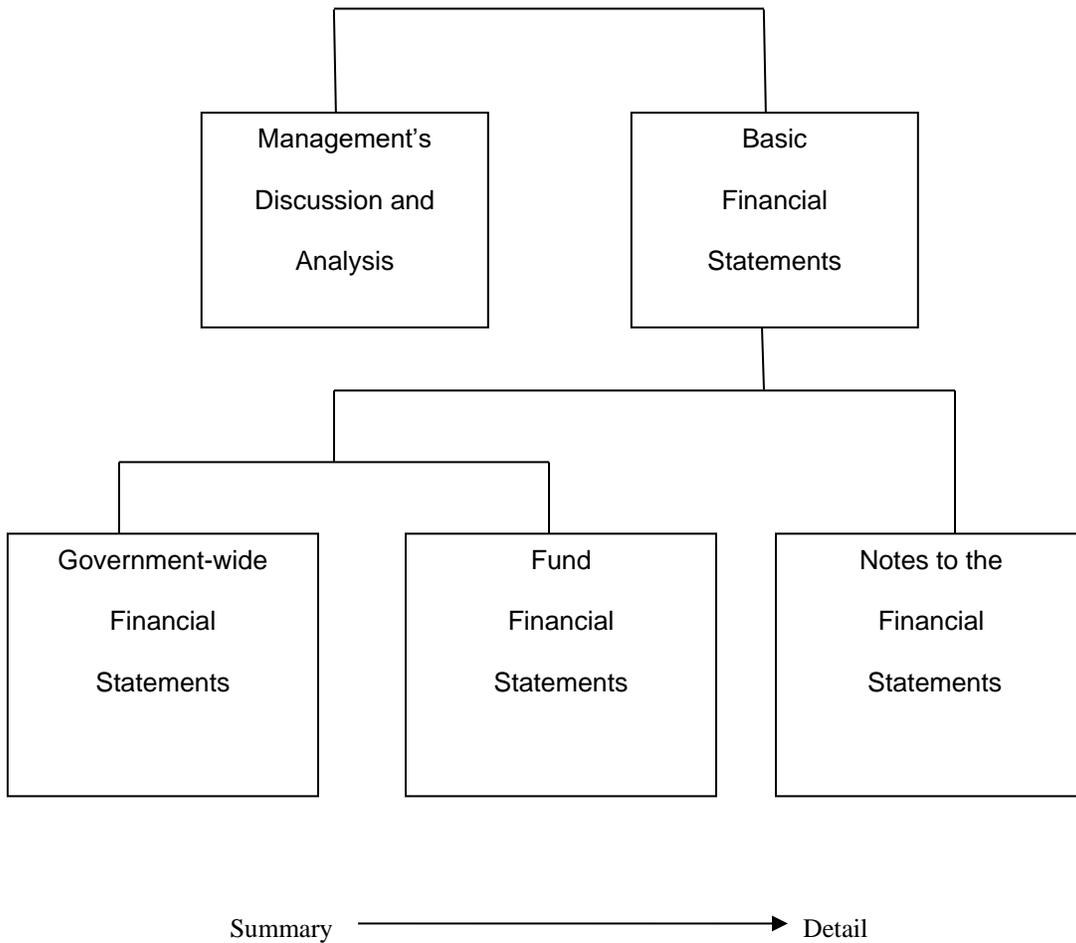
- The assets and deferred outflows of the Town of Kill Devil Hills exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$79,171,201 (*net position*). Of this amount, \$13,315,024 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,016,478 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 \$35,063,479, an increase of \$4,103,353 from the prior year. The change resulted from:
 - General fund increase of \$4,097,124 driven primarily by an increase in tourism related revenue as well as unspent installment financing proceeds and delayed expenditures.
- After restrictions and assignments, approximately 44.1% of the total fund balances or \$15,461,613 is available for spending at the government's discretion (unassigned fund balance.) This amount is 64.4% 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 increased by \$45,284. Principal payments for the fiscal year were \$1,973,189. New debt issuances consisted of a direct borrowing installment financing of \$2,018,473.

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.

Required Components of Annual Financial Report

Figure 1



TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

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, 2024

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 two governmental funds, one of which is considered a major fund. 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 22-27 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 28-32 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 33-34 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 35-81 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 83-93 of this report.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 36,580,019	\$ 31,974,298	\$ 13,433,292	\$ 12,105,910	\$ 50,013,311	\$ 44,080,208
Capital assets	36,391,955	36,796,913	17,060,464	16,433,789	53,452,419	53,230,702
Deferred outflows of resources	4,849,293	4,755,610	585,301	576,273	5,434,594	5,331,883
Total assets and deferred outflows of resources	77,821,267	73,526,821	31,079,057	29,115,972	108,900,324	102,642,793
Long-term liabilities outstanding	22,024,359	20,901,481	1,988,796	1,835,000	24,013,155	22,736,481
Other liabilities	3,709,001	3,505,274	1,048,316	1,038,139	4,757,317	4,543,413
Deferred inflows of resources	877,356	1,107,583	81,295	100,593	958,651	1,208,176
Total liabilities and deferred inflows of resources	26,610,716	25,514,338	3,118,407	2,973,732	29,729,123	28,488,070
Net position:						
Net investment in capital assets	31,703,248	31,209,220	17,033,123	16,400,956	48,736,371	47,610,176
Restricted	17,119,806	11,159,372	-	-	17,119,806	11,159,372
Unrestricted	2,387,497	5,643,891	10,927,527	9,741,284	13,315,024	15,385,175
Total net position	\$ 51,210,551	\$ 48,012,483	\$ 27,960,650	\$ 26,142,240	\$ 79,171,201	\$ 74,154,723

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 \$79,171,201 as of June 30, 2024. The Town's net position increased by \$5,016,478 for the fiscal year ended June 30, 2024. Current and other assets increased by \$5,933,103 from the prior year. A significant contributing factor to the increase was the unspent lease proceeds at year end which increase restricted cash on hand.

Long-term liabilities which include bonds, notes, leases, IT subscriptions, compensated absences, and postemployment obligations of the primary governments increased \$1,276,674 from the previous year. The main cause of the increase was the \$633,054 increase to the Net Pension Liability (LGERS).

The larger portion of net position \$48,736,371 (61.5%) 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.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

An additional portion of the Town of Kill Devil Hills' net position, \$17,119,806 (21.6%), represents resources that are subject to external restrictions on how they may be used. The remaining portion, which is the remaining balance of \$13,315,024 (16.8%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

As of June 30, 2024, 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	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for Services	\$ 566,781	\$ 572,556	\$ 5,999,388	\$ 5,838,062	\$ 6,566,169	\$ 6,410,618
Operating grants and contributions	30,416	1,471,972	-	-	30,416	1,471,972
Capital grants and contributions	855,165	1,907,899	-	-	855,165	1,907,899
General revenues:						
Property taxes	11,616,924	10,346,426	-	-	11,616,924	10,346,426
Other taxes	9,838,974	9,743,092	-	-	9,838,974	9,743,092
Other	3,100,931	2,067,076	571,818	150,513	3,672,749	2,217,589
Total Revenues	26,009,191	26,109,021	6,571,206	5,988,575	32,580,397	32,097,596
Expenses:						
General government	8,187,052	8,076,522	-	-	8,187,052	8,076,522
Public safety	8,475,465	7,901,536	-	-	8,475,465	7,901,536
Transportation	2,137,991	2,238,118	-	-	2,137,991	2,238,118
Environmental protection	3,211,290	3,063,891	-	-	3,211,290	3,063,891
Public works	565,398	480,620	-	-	565,398	480,620
Interest on long-term debt	233,927	301,426	-	-	233,927	301,426
Water	-	-	4,599,802	4,241,003	4,599,802	4,241,003
Wastewater	-	-	152,994	167,829	152,994	167,829
Total Expenses	22,811,123	22,062,113	4,752,796	4,408,832	27,563,919	26,470,945
Increase (decrease) in net position	3,198,068	4,046,908	1,818,410	1,579,743	5,016,478	5,626,651
Net position, July 1	48,012,483	43,965,575	26,142,240	24,562,497	74,154,723	68,528,072
Net position, June 30	\$ 51,210,551	\$ 48,012,483	\$ 27,960,650	\$ 26,142,240	\$ 79,171,201	\$ 74,154,723

The Town of Kill Devil Hills' overall net position increased \$5,016,478 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

Governmental activities. Governmental activities increased the Town's net position by \$3,198,068, accounting for 63.8% of the total growth in the net position of the Town. This increase is \$848,841 less than the increase in net position seen in the prior fiscal year. During the current year Town management continued to reduce non-essential programs to a minimum and implemented cost saving strategies across Town departments. Certain nonrecurring expenses were either postponed or renegotiated to maintain a healthy net position. These efforts helped to minimize expenses for the current fiscal year. As a result, the Town of Kill Devil Hills did not experience a significant increase in any of the functional expenditure categories of governmental activities.

Key elements of this change were:

Revenues:

- Occupancy tax revenues increased \$83,664 (1.9%) and sales taxes revenues increased \$99,975 (2.4%) from prior year revenues for a net increase \$183,969. This is a result of a continued strong tourism economy.
- Property tax revenues, including those from the MSD, increased \$1,270,498 (12.3%) over prior year revenues as a result of a 3.5 cent per one hundred dollars of value rate increase going into effect for the year as well as continued development in the Town.
- Capital grants and contributions decreased \$1,055,250 due in part to a decrease in FEMA grant revenue as the 2022 Beach Nourishment project approaches its close. Additionally, several grants mostly received in the prior year were not applicable to the current year such as the grants for Meekins Field (\$200,000), and a grant for new fire radios (\$218,349).
- Operating grants and contributions decreased \$1,439,040 from the prior year. This decrease is largely due to the receipt of the StRAP Grant (\$258,458) and ARPA funds (\$1,168,504) in the prior year which are not applicable to the current year.

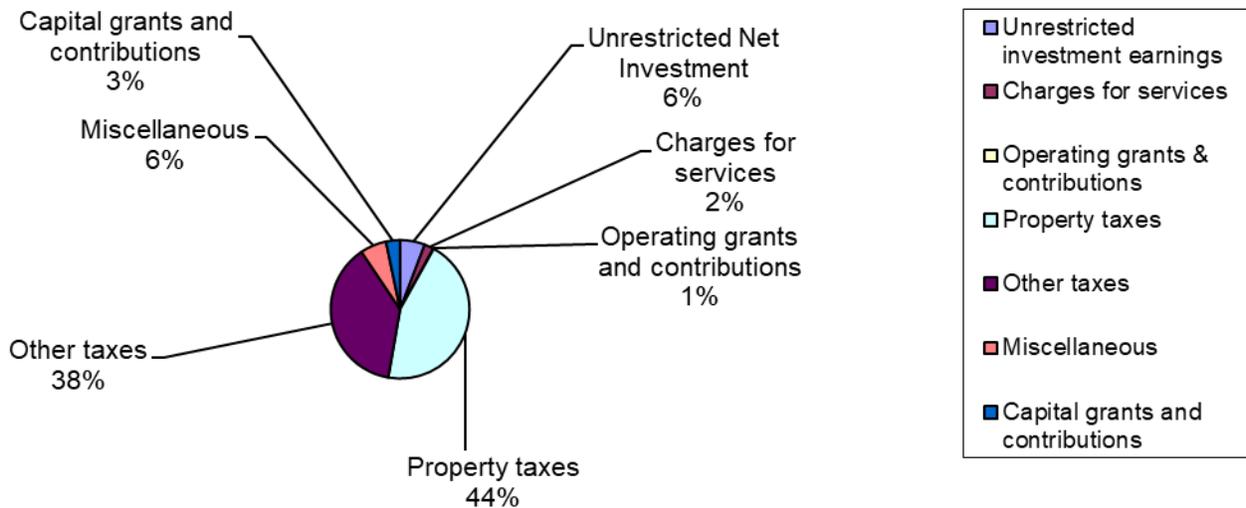
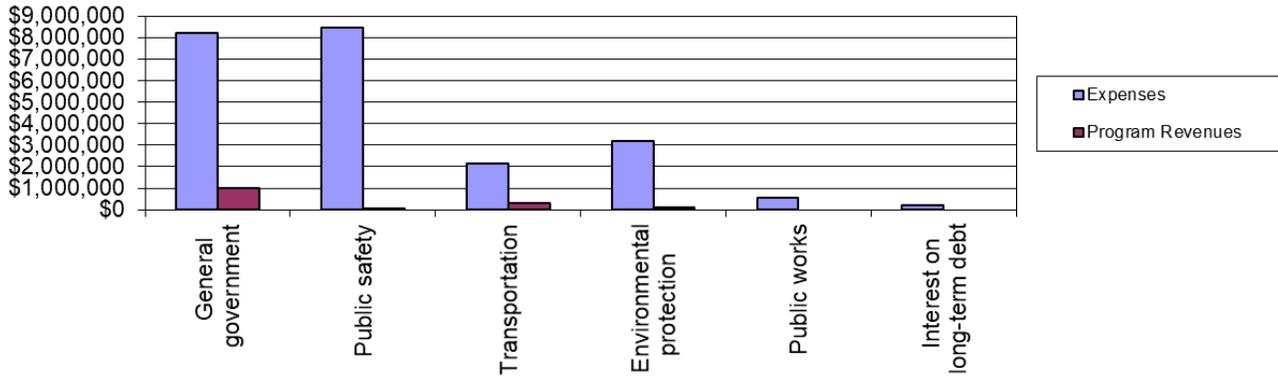
Expenses:

- Management's proactive stance and emphasis on monitoring spending to ensure budget compliance.
- The Town did not experience a significant increase to expenses in any of the government's functional categories. The increase in total expenses of \$749,010 (3.4%) was largely attributable to salary increases and inflation.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**Management’s Discussion and Analysis
June 30, 2024**

Expense and Program Revenues - Governmental Activities



Business-type activities. The Town of Kill Devil Hills’ net position for Business-type activities increased by \$1,818,410, accounting for 36.2% of the total growth in the Town’s net position.

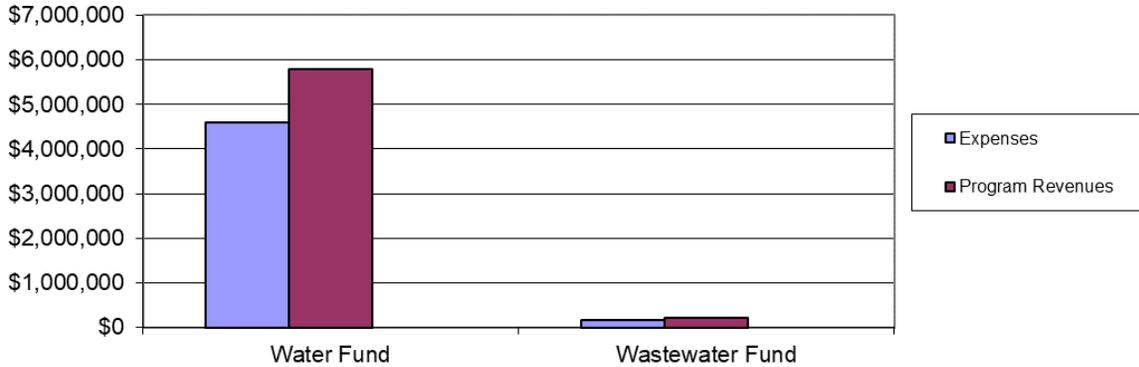
Key highlights of the effects of business type activities on the change in net position include:

- System development fees totaled \$524,900 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%.

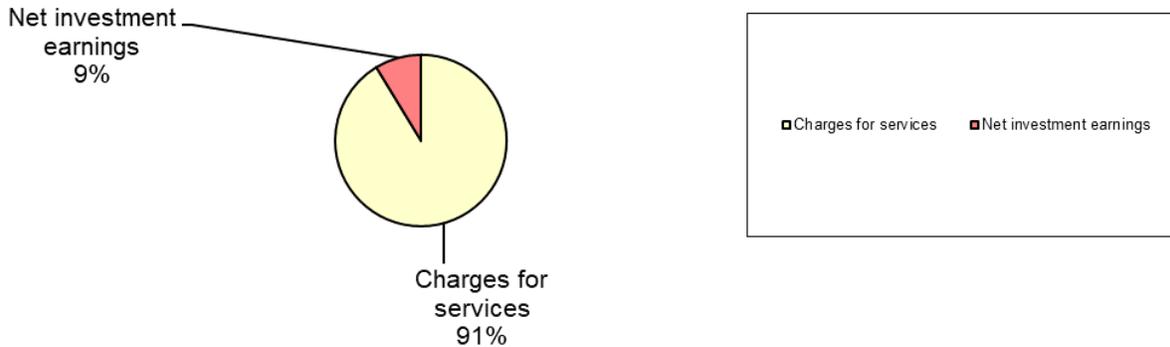
TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**Management’s Discussion and Analysis
June 30, 2024**

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 \$15,461,613 while total fund balance increased to \$35,063,479. 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 64.4% of total General Fund expenditures, while total fund balance represents 146.0% of that same amount.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

At June 30, 2024, the governmental funds of the Town of Kill Devil Hills reported a combined fund balance of \$35,063,479 a \$4,103,353 (13.3%) increase from last year. The primary cause of the fund balance increase was revenues and other financing sources exceeding expenditures by \$4,097,124 in the general fund. This is due in part to the 23/24 unexpended direct borrowing proceeds of \$2,018,473.

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 \$7,889,627. The following are the main components of the increase:

- \$2,914,095 appropriate FY '23 encumbrances
- \$ 7,000 UPS replacement funds for Fire dept. equipment lost in transit
- \$ 26,320 appropriate fund balance for water system connection at the new Fire/EMS building
- \$ 1,850 USDOJ Body armor grant funds
- \$ 5,163 Appropriate funds for police vehicle obtained through federal excess property program
- \$ 4,188 Appropriate remaining StRAP funds for Bickett St. ditch maintenance
- \$ 5,000 Government Access Channel Grant funds
- \$2,018,473 lease proceeds for vehicles and equipment
- \$ 107,520 appropriate fund balance for budget variances for financing payments
- \$ 600 Contributions
- \$2,596,813 appropriate fund balance for the 2024-25 streets project
- \$ 77,906 GASB 96 Software financing for Cleargov budgeting software
- \$ 26,000 PEG Channel support funds
- \$ 35,189 GASB 87 Lease Financing for police department equipment
- \$ 9,010 Insurance proceeds
- \$ 52,000 Recognize Fuel proceeds and appropriate fund balance for fleet and fuel expenditures
- \$ 2,500 NCLM Wellness grant funds

The increases were possible because of local grant funding (\$31,000), lease purchase financing (\$2,018,473), GASB 87 lease financing (\$35,189), contributions (\$600), USDOJ Grant funding (\$1,850), additional income from fuel sales to Dare County (\$14,000), appropriations from the restricted Sidewalks, Streets and Recreation Capital Reserve fund balance (\$234,736), SBITA financing (\$77,906) appropriations for NCLM wellness grant funding (\$2,500), insurance and reimbursement proceeds funding (\$16,010), StRAP grant funding (\$4,188) and additional fund balance appropriations (\$2,541,080).

Revenues were \$2,104,802 over budget. This is mainly due to investment income outperforming expectations throughout the year. Ad valorem, occupancy and sales tax collections were \$217,953, \$28,261, and \$99,976 over budget, respectively. Expenditures were \$7,047,747 under budget mainly due to the delay of expenditures in response to supply-chain issues and a decline in inflation.

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 \$10,927,527, a \$1,186,243 (12.2%) 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.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

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, 2024, total \$53,452,419 (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 .04% (1.1% decrease for governmental activities and 3.8% increase for business-type activities).

Major capital asset transactions during the year include the following:

Governmental Activities

- Construction in Progress includes \$98,345 for street improvements to Wrightsville Blvd
- The Meekins Field project was completed during the year and allocated \$435,779 to Buildings, \$154,376 to Equipment, and \$888,711 to Other Improvements.
- Equipment included \$73,335 for a new excavator and \$32,165 for speed detecting road signs.
- Vehicles purchased include two pickup trucks for the planning department for a total of \$90,843, two new residential garbage trucks and commercial chassis totaling \$1,488,994, four new police SUVs totaling \$257,507, a mid-size pick-up for building and grounds costing \$41,647, and a four-wheel drive pickup truck for beach garbage collection costing \$49,900. The town also sold nine vehicles for a total of \$105,750.
- Other improvements included new lights for the Aviation Park hockey rink purchased for \$66,919.
- Office furniture and equipment included a finger print machine purchased for \$22,375.
- Street projects included \$614,994 for improvements to Apache, Indian, and Seminole streets and its and \$403,922 for the completion of the Wright Brothers sidewalk project started in the 22/23 Fiscal year.
- \$1,952,532 from fiscal year 2023 construction in progress projects were completed and transferred including \$1,478,866 for the Meekins Field project, \$383,436 for the Wright Brothers sidewalk, and \$90,230 for Street improvements on Indian Dr, Seminole St, and Hwy 158.

Business Activities

- Activity for construction in progress includes \$135,475 for Wrightsville Blvd improvements.
- Other improvements include \$665,884 for Stormwater Improvements to Seminole, Indian, and Apache Street and \$27,735 to replace a gate at the Eighth street water plant.
- Equipment purchased includes \$481,917 for replacement and installation of new meters.
- The water fund retired a pump valve control pump resulting in a loss of \$15,857.
- \$5,077 from fiscal year 2023 construction in progress projects was completed and transferred to other improvements. This amount is included in the \$665,884 Stormwater Improvements to Seminole, Indian, and Apache noted above.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

Town of Kill Devil Hills Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 756,729	\$ 756,729	\$ 224,814	\$ 224,814	\$ 981,543	\$ 981,543
Construction in progress	98,345	1,952,532	135,760	5,077	234,105	1,957,609
Plant	-	-	4,581,591	4,736,490	4,581,591	4,736,490
Water rights	-	-	533,353	623,619	533,353	623,619
Building	10,060,245	9,957,603	33,121	35,803	10,093,366	9,993,406
Other improvements	8,331,587	8,795,360	9,970,239	9,595,927	18,301,826	18,391,287
Equipment	993,260	575,261	760,090	289,338	1,753,350	864,599
Vehicles	3,910,699	2,805,550	11,912	22,639	3,922,611	2,828,189
Office equipment	319,960	356,189	11,083	25,791	331,043	381,980
Animals	-	-	-	-	0	-
Meters	-	-	788,113	861,193	788,113	861,193
Streets	11,798,042	11,546,328	-	-	11,798,042	11,546,328
Right to use assets:						
Leases	59,957	31,003	10,388	13,098	70,345	44,101
IT Subscriptions	63,131	20,358	-	-	63,131	20,358
Total	\$ 36,391,955	\$ 36,796,913	\$ 17,060,464	\$ 16,433,789	\$ 53,452,419	\$ 53,230,702

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements on pages 54-56.

Outstanding Debt. The Town of Kill Devil Hills' total debt increased by \$1,523,118 (6.0% over the prior year) during the fiscal year ended June 30, 2024. This was primarily due to the increase in the Net Pension Liability (LGERS) of \$717,586 and direct borrowing installment financing of \$2,018,473. Additionally, total law enforcement officers (LEO) pension liability increased \$257,704 and overall other post-employment benefits (OPEB) liability increased \$405,196.

Town of Kill Devil Hills Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Direct Borrowing Installment Purchase	\$ 7,204,528	\$ 7,037,786	\$ 16,877	\$ 19,690	\$ 7,221,405	\$ 7,057,476
Direct Placement Installment Purchase	355,934	474,579	-	-	355,934	474,579
Compensated absences-net	1,024,281	979,055	116,650	109,554	1,140,931	1,088,609
Lease Liability	40,220	31,380	10,464	13,143	50,684	44,523
IT Subscription Liability	51,506	12,640	-	-	51,506	12,640
Net Pension Liability (LGERS)	5,684,077	5,051,023	758,994	674,462	6,443,071	5,725,485
Total Pension Liability (LEO)	1,703,029	1,445,325	-	-	1,703,029	1,445,325
Net OPEB Liability	8,697,507	8,340,044	1,161,377	1,113,644	9,858,884	9,453,688
Total	\$ 24,761,082	\$ 23,371,833	\$ 2,064,362	\$ 1,930,493	\$ 26,825,444	\$ 25,302,326

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

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 \$242,494,636. The Town had no outstanding bonded debt subject to the limitation.

Additional information can be found in the notes of the Basic Financial Statements located on pages 72-77.

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 4.0% is higher than the State of North Carolina's 2024 average of 3.5%. Dare County experiences significant seasonality in the rates with a low of 2.7% in September 2023 and a high of 6.9% in February 2024.
- The Town's economic and tourism related revenues resulted in a 1.9% increase in occupancy tax collections from the prior year.
- The Town's share of the State and local sales taxes resulted in a 2.4% increase over the prior year.
- Water sales increased 2.7% primarily due to a 4% increase in water rate.
- The Town of Kill Devil Hills' year-round population is 7,852 while the summer season population exceeds 35,000 persons a day, requiring twenty-four hour services for residents and non-residents alike.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities. The General Fund property tax rate increased to \$.355 per \$100 of valuation for FY 2023-24 and the rate will remain the same for FY 2024-25. The Town has chosen to appropriate \$2,274,274 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 1.5% with updated levy percentages over FY 23-24. Land transfer taxes are estimated to remain at FY 23-24 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 \$26,995,389, which is an 8.7% increase from the prior year original adopted budget. Personnel cost increases include a 4.5% COLA to maintain the cost of living. Capital improvement items include annual street and sidewalk projects, identification and implementation of ADA compliance improvements, improvements to Meekins Field and Aviation Park, Replacement of the Recycling Center building, and replacement of windows at the Water Administration building. Equipment and vehicle replacements include 5 pickup trucks, 6 police vehicles, mower, skid steer, and a motor grader.

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 increase 30.0% from the prior year adopted budget. The increase is due in part to the 4.5% cost of living adjustment and also to increase capital outlay for vehicles and building improvements. 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.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

Management's Discussion and Analysis June 30, 2024

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, 2024

EXHIBIT 1
Page 1 of 2

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,538,741	\$ 10,978,560	\$ 31,517,301
Restricted cash and cash equivalents	11,905,975	884,145	12,790,120
Taxes receivables (net)	68,630	-	68,630
Accrued interest receivable (net)	201,218	80,977	282,195
Accounts receivable (net)	12,209	1,238,385	1,250,594
Due from other governments	3,098,157	-	3,098,157
Inventories	206,749	251,225	457,974
Prepaid items:			
Fire Station Lease	547,303	-	547,303
Miscellaneous	1,037	-	1,037
Total current assets	<u>36,580,019</u>	<u>13,433,292</u>	<u>50,013,311</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	855,074	360,574	1,215,648
Water rights, net of accumulated amortization	-	533,353	533,353
Other capital assets, net of accumulated depreciation	35,413,792	16,156,149	51,569,941
Right-to-use assets, net of amortization	123,089	10,388	133,477
Total capital assets	<u>36,391,955</u>	<u>17,060,464</u>	<u>53,452,419</u>
Total non-current assets	<u>36,391,955</u>	<u>17,060,464</u>	<u>53,452,419</u>
Total assets	<u>72,971,974</u>	<u>30,493,756</u>	<u>103,465,730</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,072,257	481,543	4,553,800
OPEB deferrals	777,036	103,758	880,794
Total deferred outflows of resources	<u>4,849,293</u>	<u>585,301</u>	<u>5,434,594</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	891,222	214,717	1,105,939
Accrued interest payable	71,672	-	71,672
Unearned revenue	9,385	-	9,385
Other liabilities	-	2,718	2,718
Customer deposits	-	755,316	755,316
Total pension liability (LEO)	68,786	-	68,786
Current portion of long-term liabilities	2,667,936	75,565	2,743,501
Total current liabilities	<u>3,709,001</u>	<u>1,048,316</u>	<u>4,757,317</u>
Long-term liabilities:			
Net pension liability LGERS	5,684,077	758,994	6,443,071
Total pension liability (LEO)	1,634,243	-	1,634,243
Net OPEB liability	8,697,507	1,161,376	9,858,883
Due in more than one year	6,008,532	68,426	6,076,958
Total long-term liabilities	<u>22,024,359</u>	<u>1,988,796</u>	<u>24,013,155</u>
Total liabilities	<u>25,733,360</u>	<u>3,037,112</u>	<u>28,770,472</u>

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

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2024

EXHIBIT 1
Page 2 of 2

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	\$ 310,587	\$ 5,613	\$ 316,200
OPEB deferrals	566,769	75,682	642,451
Total deferred inflows of resources	<u>877,356</u>	<u>81,295</u>	<u>958,651</u>
<u>NET POSITION</u>			
Net investment in capital assets	31,703,248	17,033,123	48,736,371
Restricted for:			
Streets - Powell Bill	308,614	-	308,614
Public safety	44,442	-	44,442
Stabilization by State Statute	8,174,933	-	8,174,933
Capital Reserve Fund	8,240,886	-	8,240,886
Beach Nourishment	350,931	-	350,931
Unrestricted	2,387,497	10,927,527	13,315,024
Total net position	<u>\$ 51,210,551</u>	<u>\$ 27,960,650</u>	<u>\$ 79,171,201</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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 8,187,052	\$ 425,519	\$ 19,700	\$ 337,309
Public safety	8,475,465	13,268	6,528	11,060
Transportation	2,137,991	-	4,188	506,796
Environmental protection	3,211,290	127,994	-	-
Public works	565,398	-	-	-
Interest on long-term debt	233,927	-	-	-
Total governmental activities	<u>22,811,123</u>	<u>566,781</u>	<u>30,416</u>	<u>855,165</u>
Business-type activities:				
Water fund	4,599,802	5,795,766	-	-
Wastewater fund	152,994	203,622	-	-
Total business-type activities	<u>4,752,796</u>	<u>5,999,388</u>	<u>-</u>	<u>-</u>
Total primary government	\$ <u>27,563,919</u>	\$ <u>6,566,169</u>	\$ <u>30,416</u>	\$ <u>855,165</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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Totals
\$ (7,404,524)	\$ -	\$ (7,404,524)
(8,444,609)	-	(8,444,609)
(1,627,007)	-	(1,627,007)
(3,083,296)	-	(3,083,296)
(565,398)	-	(565,398)
(233,927)	-	(233,927)
<u>(21,358,761)</u>	<u>-</u>	<u>(21,358,761)</u>
-	1,195,964	1,195,964
-	50,628	50,628
<u>-</u>	<u>1,246,592</u>	<u>1,246,592</u>
<u>(21,358,761)</u>	<u>1,246,592</u>	<u>(20,112,169)</u>
11,106,394	-	11,106,394
510,530	-	510,530
4,327,494	-	4,327,494
4,527,503	-	4,527,503
983,977	-	983,977
1,183,871	-	1,183,871
1,502,678	571,818	2,074,496
414,382	-	414,382
<u>24,556,829</u>	<u>571,818</u>	<u>25,128,647</u>
<u>3,198,068</u>	<u>1,818,410</u>	<u>5,016,478</u>
48,012,483	26,142,240	74,154,723
<u>\$ 51,210,551</u>	<u>\$ 27,960,650</u>	<u>\$ 79,171,201</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, 2024

	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 20,538,741	\$ -	\$ 20,538,741
Restricted cash and cash equivalents	11,557,423	348,552	11,905,975
Receivables (net)			
Taxes	68,630	-	68,630
Accounts	12,209	-	12,209
Interest on investments	198,839	2,379	201,218
Due from other governments	3,098,157		3,098,157
Inventories and prepaid items	207,786	-	207,786
Total assets	<u>\$ 35,681,785</u>	<u>\$ 350,931</u>	<u>\$ 36,032,716</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 131,462	\$ -	\$ 131,462
Accrued liabilities	759,760	-	759,760
Unearned revenue	455	-	455
Total liabilities	<u>891,677</u>	<u>-</u>	<u>891,677</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes receivable	68,630	-	68,630
License receivable	8,930	-	8,930
Total deferred inflows of resources	<u>77,560</u>	<u>-</u>	<u>77,560</u>
<u>FUND BALANCES</u>			
<u>Non-Spendable:</u>			
Inventories and prepaids	207,786	-	207,786
<u>Restricted:</u>			
Stabilization by State Statute	8,174,933	-	8,174,933
Public Safety	44,442	-	44,442
Streets - Powell Bill	308,614	-	308,614
Capital reserve fund	8,240,886	-	8,240,886
Beach Nourishment	-	350,931	350,931
<u>Assigned:</u>			
Subsequent year's expenditures	2,274,274	-	2,274,274
<u>Unassigned</u>	<u>15,461,613</u>	<u>-</u>	<u>15,461,613</u>
Total fund balances	<u>34,712,548</u>	<u>350,931</u>	<u>35,063,479</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,681,785</u>	<u>\$ 350,931</u>	<u>\$ 36,032,716</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, 2024

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

Total fund balances-governmental funds (page 24)	\$ 35,063,479
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,391,955
Prepaid Lease payment made before lease term initiated	547,303
Deferred outflows of resources related to pensions are not reported in the funds	4,072,257
Deferred outflows of resources related to OPEB are not reported in the funds	777,036
Liabilities for earned revenues considered deferred inflows of resources in fund statements	68,630
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.	(24,761,081)
Deferred inflows of resources related to pensions are not reported in the funds	(310,587)
Deferred inflows of resources related to OPEB are not reported in the funds	(566,769)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	<u>(71,672)</u>
Net position of governmental activities.	<u><u>\$ 51,210,551</u></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, 2024

	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 11,608,762	\$ -	\$ 11,608,762
Other taxes and licenses	9,845,662	-	9,845,662
Unrestricted intergovernmental	1,183,871	-	1,183,871
Restricted intergovernmental	883,064	2,516	885,580
Permits and fees	425,459	-	425,459
Sales and services	134,634	-	134,634
Net investment earnings (loss)	1,484,006	18,672	1,502,678
Miscellaneous	301,164	-	301,164
Total revenues	<u>25,866,622</u>	<u>21,188</u>	<u>25,887,810</u>
<u>EXPENDITURES</u>			
Current:			
General government	6,431,556	14,959	6,446,515
Public safety	8,421,584	-	8,421,584
Transportation	1,960,302	-	1,960,302
Environmental protection	4,371,707	-	4,371,707
Public works	549,896	-	549,896
Debt service:			
Principal	2,035,766	-	2,035,766
Interest and other charges	243,473	-	243,473
Total expenditures	<u>24,014,284</u>	<u>14,959</u>	<u>24,029,243</u>
Excess revenues over (under) expenditures	<u>1,852,338</u>	<u>6,229</u>	<u>1,858,567</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Direct borrowing	2,018,473	-	2,018,473
Sale of capital assets	113,218	-	113,218
IT subscription agreement	77,906	-	77,906
Lease Financing	35,189	-	35,189
Total other financing sources	<u>2,244,786</u>	<u>-</u>	<u>2,244,786</u>
Net change in fund balance	4,097,124	6,229	4,103,353
Fund balances - beginning	<u>30,615,424</u>	<u>344,702</u>	<u>30,960,126</u>
Fund balances - ending	<u>\$ 34,712,548</u>	<u>\$ 350,931</u>	<u>\$ 35,063,479</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, 2024

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

Net changes in fund balances - total governmental funds (page 26)		\$	4,103,353
<p>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.</p>			
Capital outlay expenditures which were capitalized	\$	3,443,432	
Prepaid Lease Asset		547,303	
Depreciation expense for governmental assets		<u>(3,848,391)</u>	142,344
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>			
LGERS		1,133,231	
LEOSSA		<u>45,272</u>	1,178,503
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Change in tax revenue		<u>8,162</u>	8,162
<p>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.</p>			
New long-term debt issued		(2,131,568)	
Principal payments on long-term debt		2,035,766	
Accrued interest payable		<u>9,546</u>	(86,256)
<p>Some expenses reported in the statement of activities do not require expenditures in governmental funds.</p>			
Compensated absences		(45,225)	
Pension expense - LEOSSA		(191,195)	
Pension expense - LGERS		(1,678,742)	
OPEB plan expense		<u>(232,876)</u>	<u>(2,148,038)</u>
Total changes in net position of governmental activities		\$	<u><u>3,198,068</u></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, 2024

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 11,390,809	\$ 11,390,809	\$ 11,608,762	\$ 217,953
Other taxes and licenses	9,640,060	9,640,060	9,845,662	205,602
Unrestricted intergovernmental revenues	1,049,500	1,075,500	1,183,871	108,371
Restricted intergovernmental revenues	284,200	297,738	883,064	585,326
Permits and fees	278,400	278,400	425,459	147,059
Sales and services	171,030	171,030	134,634	(36,396)
Net investment earnings	400,000	400,000	1,225,653	825,653
Other revenues	221,319	249,929	301,164	51,235
Total revenues	<u>23,435,318</u>	<u>23,503,466</u>	<u>25,608,269</u>	<u>2,104,803</u>
EXPENDITURES				
Current:				
General government	6,923,430	7,526,421	6,431,556	1,094,865
Public safety	8,694,071	10,314,606	8,421,584	1,893,022
Transportation	786,276	5,491,462	1,960,302	3,531,160
Environmental protection	2,889,808	4,819,743	4,371,707	448,036
Public works	564,854	616,854	549,896	66,958
Debt service:				
Principal retirement	1,884,501	2,049,472	2,035,766	13,706
Interest and other charges	243,473	243,473	243,473	-
Total expenditures	<u>21,986,413</u>	<u>31,062,031</u>	<u>24,014,284</u>	<u>7,047,747</u>
Revenues over (under) expenditures	\$ <u>1,448,905</u>	\$ <u>(7,558,565)</u>	\$ <u>1,593,985</u>	\$ <u>9,152,550</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, 2024

	General Fund			
	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
<u>OTHER FINANCING SOURCES</u>				
Direct borrowing	\$ -	\$ 2,018,473	\$ 2,018,473	\$ -
Transfer from Capital Reserve Fund		2,804,895	-	(2,804,895)
Transfer to Capital Reserve fund	(2,321,952)	(3,940,857)	(3,207,043)	733,814
GASB 87 Lease Financing	-	35,189	35,189	-
GASB 96 SBITA financing	-	77,906	77,906	-
Transfer from special revenue fund	-	-	-	-
Sale of capital assets	20,000	20,000	113,218	93,218
Appropriated fund balance - undesignated	853,047	3,394,127	-	(3,394,127)
Appropriated fund balance - encumbrances	-	2,914,096	-	(2,914,096)
Appropriated fund balance - streets	-	177,333	-	(177,333)
Appropriated fund balance - powell bill	-	57,403	-	(57,403)
Total other financing sources (uses)	<u>(1,448,905)</u>	<u>7,558,565</u>	<u>(962,257)</u>	<u>(8,520,822)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	631,728	\$ <u>631,728</u>
Fund balance, beginning			25,839,934	
Fund balance, end of year			\$ <u>26,471,662</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Net investment earnings			\$ 258,353	
Transfer to/from General Fund			3,207,043	
Fund balance, beginning of year			<u>4,775,490</u>	
Total Capital Reserve Fund			<u>8,240,886</u>	
Fund balance, end of year			\$ <u>34,712,548</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, 2024

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2024
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,978,560	\$ -	\$ 10,978,560
Restricted cash and cash equivalents	811,417	72,728	884,145
Accrued interest receivable	80,240	737	80,977
Customer accounts receivable (net)	1,184,754	53,631	1,238,385
Misc Accounts Receivable (net)	-	-	-
Inventories	251,225	-	251,225
Total current assets	<u>13,306,196</u>	<u>127,096</u>	<u>13,433,292</u>
Non-current assets:			
Due from other funds	397,471	(397,471)	-
Capital assets:			
Land and other non-depreciable assets	313,229	47,345	360,574
Water rights (net of accumulated amortization)	533,353	-	533,353
Right to use lease asset, net of amortization	10,388	-	10,388
Other capital assets (net of accumulated depreciation)	16,105,896	50,253	16,156,149
Total capital assets	<u>16,962,866</u>	<u>97,598</u>	<u>17,060,464</u>
Total non-current assets	<u>17,360,337</u>	<u>(299,873)</u>	<u>17,060,464</u>
Total assets	<u>30,666,533</u>	<u>(172,777)</u>	<u>30,493,756</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	481,543	-	481,543
OPEB deferrals	103,758	-	103,758
Total deferred outflows of resources	<u>585,301</u>	<u>-</u>	<u>585,301</u>
LIABILITIES			
Current liabilities:			
Accounts payable	142,202	304	142,506
Salaries payable	72,211	-	72,211
Other liabilities	2,718	-	2,718
Customer deposits	726,948	28,368	755,316
Current portion of long-term liabilities:			
Compensated absences	70,000	-	70,000
Note payable	2,813	-	2,813
Lease liability	2,752	-	2,752
Total current liabilities	<u>1,019,644</u>	<u>28,672</u>	<u>1,048,316</u>
Non-current liabilities:			
Compensated absences, net of current portion	46,650	-	46,650
Net Pension Liability	758,994	-	758,994
Net OPEB Liability	1,161,376	-	1,161,376
Note payable and lease liability, net of current portion	21,776	-	21,776
Total non-current liabilities	<u>1,988,796</u>	<u>-</u>	<u>1,988,796</u>
Total liabilities	<u>3,008,440</u>	<u>28,672</u>	<u>3,037,112</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, 2024

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2024
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	\$ 5,613	\$ -	\$ 5,613
OPEB deferrals	75,682	-	75,682
Total deferred inflows of resources	<u>81,295</u>	<u>-</u>	<u>81,295</u>
<u>NET POSITION</u>			
Net investment in capital assets	16,935,525	97,598	17,033,123
Unrestricted	11,226,574	(299,047)	10,927,527
Total net position	<u>\$ 28,162,099</u>	<u>\$ (201,449)</u>	<u>\$ 27,960,650</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, 2024**

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2024
<u>OPERATING REVENUES</u>			
Water sales	\$ 5,120,975	\$ -	\$ 5,120,975
Wastewater sales	-	196,949	196,949
Connection fees	76,544	-	76,544
System development fees	524,900	4,662	529,562
Late payment penalties and interest	43,082	2,011	45,093
Other operating revenues	30,265	-	30,265
Total operating revenues	<u>5,795,766</u>	<u>203,622</u>	<u>5,999,388</u>
<u>OPERATING EXPENSES</u>			
Water administration	1,573,605	-	1,573,605
Water treatment plant	1,649,363	-	1,649,363
Water systems	628,772	-	628,772
Wastewater	-	148,993	148,993
Depreciation and amortization	748,062	4,001	752,063
Total operating expenses	<u>4,599,802</u>	<u>152,994</u>	<u>4,752,796</u>
<u>OPERATING INCOME (LOSS)</u>	<u>1,195,964</u>	<u>50,628</u>	<u>1,246,592</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Net investment earnings (loss)	581,698	5,977	587,675
Loss on disposal of capital assets	(15,857)	-	(15,857)
Total non-operating revenues	<u>565,841</u>	<u>5,977</u>	<u>571,818</u>
<u>OPERATING INCOME (LOSS) BEFORE TRANSFERS</u>			
	1,761,805	56,605	1,818,410
Transfers from (to) other funds	<u>18,750</u>	<u>(18,750)</u>	<u>-</u>
Changes in net position	1,780,555	37,855	1,818,410
Total net position previously reported	<u>26,381,544</u>	<u>(239,304)</u>	<u>26,142,240</u>
Total net position, ending	<u>\$ 28,162,099</u>	<u>\$ (201,449)</u>	<u>\$ 27,960,650</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, 2024

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 5,678,872	\$ 198,171	\$ 5,877,043
Cash paid for goods and services	(2,155,769)	(149,006)	(2,304,775)
Cash paid to employees	(1,578,682)	-	(1,578,682)
Customer deposits received	49,121	1,728	50,849
Customer deposits returned	(37,421)	(1,296)	(38,717)
Other operating revenues	1,120	-	1,120
Net cash provided by operating activities	1,957,241	49,597	2,006,838
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Cash received from other funds	48,291	-	48,291
Cash paid to other funds	-	(48,291)	(48,291)
Net cash provided (used) by non-capital financing activities	48,291	(48,291)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and construction of capital assets	(1,394,595)	-	(1,394,595)
Principal paid on capital debt	(2,813)	-	(2,813)
Net cash (used) by capital related financing activities	(1,397,408)	-	(1,397,408)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net investment earnings (loss)	565,944	5,812	571,756
Net cash used by investing activities	565,944	5,812	571,756
Net increase in cash and cash equivalents	1,174,068	7,118	1,181,186
Cash and cash equivalents at beginning of year	10,615,909	65,610	10,681,519
Cash and cash equivalents at end of year	\$ 11,789,977	\$ 72,728	\$ 11,862,705

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, 2024**

	Business-type Activities		Total
	Water	Wastewater	Enterprise Funds June 30, 2024
RECONCILIATION OF OPERATING			
INCOME TO NET CASH USED BY			
OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,195,964	\$ 50,628	\$ 1,246,592
Adjustments to reconcile operating income loss to net cash provided by operating activities:			
Depreciation and amortization	748,062	4,001	752,063
<i>Changes in Assets and Liabilities:</i>			
(Increase) decrease in accounts receivable	(116,895)	(5,451)	(122,346)
(Increase) in inventories	(7,930)	-	(7,930)
(Increase) in deferred outflows of resources - pensions	(14,454)	-	(14,454)
Decrease in deferred outflows of resources - OPEB	5,426	-	5,426
Increase in net pension liability	84,532	-	84,532
Increase in salaries payable	7,484	-	7,484
(Decrease) in lease liability	(2,680)	-	(2,680)
Increase in other liabilities	1,121	-	1,121
(Decrease) in accounts payable	9,381	(13)	9,368
Increase in customer deposits	11,700	432	12,132
Increase in accrued vacation payable	7,096	-	7,096
Increase in deferred inflows of resources - pensions	2,764	-	2,764
(Decrease) in deferred inflows of resources - OPEB	(22,062)	-	(22,062)
Increase in OPEB liability	47,732	-	47,732
Net cash provided by operating activities	\$ 1,957,241	\$ 49,597	\$ 2,006,838

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, 2024

	Pension (and Other Employee Benefit) Trust Fund	Custodial Fund Firemen's Relief
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 476,541	\$ 245,325
Accrued interest receivable	-	1,675
Due from other governments	-	14,920
	<u> </u>	<u> </u>
Total assets	<u>476,541</u>	<u>261,920</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Total Liabilities	<u> -</u>	<u> -</u>
 <u>NET POSITION</u>		
Postemployment benefits other than pensions	476,541	-
Firemen's Relief Fund	-	261,920
	<u> </u>	<u> </u>
Total Net Position	<u>\$ 476,541</u>	<u>\$ 261,920</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, 2024

	Pension (and Other Employee Benefit) Trust Fund	Custodial Fund Firemen's Relief
<u>ADDITIONS</u>		
Contributions:		
Employer	\$ 64,640	\$ -
Total contributions	<u>64,640</u>	<u>-</u>
Investment earnings:		
Interest	141	8,483
Net increase (decrease) in the fair value of investments	70,989	4,564
Total investment earnings	<u>71,130</u>	<u>13,047</u>
Less investment expense	-	-
Net investment earnings	<u>71,130</u>	<u>13,047</u>
Collections for participants or beneficiaries	-	14,920
 Total additions	 <u>135,770</u>	 <u>27,967</u>
<u>DEDUCTIONS</u>		
Administrative expenses	85	-
Benefits paid to participants or beneficiaries	-	21,741
Payments on behalf of beneficiaries	-	-
Intergovernmental payable - Firemen's Relief Fund	-	-
Total deductions	<u>85</u>	<u>21,741</u>
 Net change in net position	 135,685	 6,226
Net position:		
Beginning of year	340,856	255,694
End of year	<u>\$ 476,541</u>	<u>\$ 261,920</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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. All remaining governmental funds are aggregated and reported as non-major funds.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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.

The Town reports one non-major governmental fund.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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, 2024 the Town's OPEB Trust had \$476,541 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 64.67% in domestic securities and 35.33% 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, 2024 of 1.4 years.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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 8.38 years at June 30, 2024.

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, 2024 the fair value of the funds was \$38.0656 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Restricted Cash

Governmental Activities

General Fund

Unexpended lease proceeds	\$ 2,963,481
Capital Reserve Fund	8,240,886
Powell Bill	308,614
Unauthorized controlled substance excise tax	24,555
Federal forfeiture funds	19,887
	<u>11,557,423</u>

Beach Nourishment Capital Project Fund - Unexpended Project Funds

348,552

Total Governmental Activities

11,905,975

Business-type Activities

Water Fund

Customer deposits	726,948
Extension and Replacement	84,469
	<u>811,417</u>

Wastewater Fund

Customer deposits	28,368
Extension and Replacement	44,360
	<u>72,728</u>

Total Business-type Activities

884,145

Total Restricted Cash

\$ 12,790,120

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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, 2023. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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 2024 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 unlimited accumulation of 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 last-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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

11. 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 nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

12. 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.

13. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 \$16,147,072 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)	\$ 71,768,073
Less accumulated depreciation	(35,308,750)
Less accumulated amortization	<u>(67,368)</u>
Net capital assets	\$36,391,955
Prepaid Lease Asset (see note 11 for details)	547,303
Deferred outflows of resources related to pensions/OPEB are not reported in the funds	4,849,293
Liabilities for earned revenues considered deferred inflows on resources in fund statements	68,630
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	(7,652,188)
Compensated absences	(1,024,280)
Net Pension Liability	(5,684,077)
Net other post-employment benefits liability	(8,697,507)
Total Pension Liability (LEO)	<u>(1,703,029)</u>
	(24,761,081)
Deferred inflows of resources related to pension/OPEB are not reported in the funds	(877,356)
Other long-term liabilities (accrued interest) are not due and payable in current period and, are deferred in the funds.	<u>(71,672)</u>
Net adjustment	<u>\$ 16,147,072</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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 \$905,285 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	\$ 3,443,432
Prepaid Lease Asset (see note 11 for details)	547,303
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>(3,848,391)</u>
	\$ 142,344
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	
LGERS	1,133,231
LEOSSA	<u>45,272</u>
	1,178,503
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	8,162

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Debt issued or incurred:			
New debt issued		\$	(2,131,568)
Accrued interest payable			<u>9,546</u>
			(2,122,022)
Principal payments			<u>2,035,766</u>
		\$	(86,256)

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	(45,225)	
Pension expense - LEOSSA	(191,195)	
Pension expense – LGERS	(1,678,742)	
OPEB expense	<u>(232,876)</u>	
		<u>(2,148,038)</u>
Net adjustment		\$ <u>(905,285)</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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

At June 30, 2024, the Town's deposits had a carrying amount of \$4,932,468 and a bank balance of \$5,607,304. Of the bank balance, \$1,000,695 was covered by Federal Depository Insurance and \$4,606,609 was covered by collateral held under the pooling method. The Town had petty cash on hand at June 30, 2024, totaling \$2,000.

2. Investments

At June 30, 2024, the Town had the following investments and maturities. This schedule assumes that callable investments will not be called.

Investment Type	Valuation Method	Book Value at 6/30/24	Investment Maturities in Years			
			<=.75	>.75 to 3	>3 to 5	>5 to 10
U.S. Government Agencies	Fair Value - Level 2	\$ 25,794,020	\$ 3,589,285	\$14,934,813	\$ 5,600,136	\$ 1,669,786
Commercial Paper	Amortized Cost	\$ 6,317,932	6,317,932			
NC Capital Management Trust						
Government Portfolio	Fair Value - Level 1	\$ 7,506,328	7,506,328			
Investment Totals		\$ 39,618,280	\$ 17,413,545	\$14,934,813	\$ 5,600,136	\$ 1,669,786
Actual % of portfolio			43.95%	37.70%	14.14%	4.21%
Actual cumulative % of portfolio			81.65%	95.79%	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.

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, 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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 Federal Home Loan Mortgage Corporation (7.87%), Federal Home Loan Bank (21.22%), Federal Farm Credit Banks (27.56%), and Federal National Mortgage Association (8.47%).

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

3. Receivables – Allowance for Doubtful Accounts

	Accounts Receivable	Taxes and Related Accrued Interest	Accrued Interest Receivable	Due from Other Governments	Total
Governmental activities:					
General	\$ 12,209	\$ 69,023	\$ 198,839	\$ 3,098,157	\$ 3,378,228
Other governmentals	-	-	2,379	-	2,379
Total receivables	12,209	69,023	201,218	3,098,157	3,380,607
Allowance for doubtful accounts	-	(393)	-	-	(393)
Total governmental activities	<u>\$ 12,209</u>	<u>\$ 68,630</u>	<u>\$ 201,218</u>	<u>\$ 3,098,157</u>	<u>\$ 3,380,214</u>
Business-type activities:					
Water	\$ 1,191,938	\$ -	\$ 80,240	\$ -	\$ 1,272,178
Wastewater	53,631	-	737	-	54,368
Total receivables	1,245,569	-	80,977	-	1,326,546
Allowance for doubtful accounts	(7,184)	-	-	-	(7,184)
Total business-type activities	<u>\$ 1,238,385</u>	<u>\$ -</u>	<u>\$ 80,977</u>	<u>\$ -</u>	<u>\$ 1,319,362</u>

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
Governmental activities:			
Sales and use tax distribution	\$ -	\$ 700,812	\$ 700,812
Officer court fees	166	-	166
Solid waste fees	-	1,471	1,471
Land transfer tax distribution	256,388	-	256,388
Sales tax refund	-	163,546	163,546
Occupancy taxes	1,218,199	-	1,218,199
Property taxes	70,027	-	70,027
CAMA permits	-	160	160
FEMA beach nourishment grant	684,817	-	684,817
Justice assistance grant	555	-	555
Dare county fuel reimbursement	2,016	-	2,016
Total governmental activities	<u>\$ 2,232,168</u>	<u>\$ 865,989</u>	<u>\$ 3,098,157</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

Primary Government

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 756,729	\$ -	\$ -	\$ 756,729
Construction in progress	<u>1,952,532</u>	<u>98,345</u>	<u>1,952,532</u>	<u>98,345</u>
Total capital assets, not being depreciated	<u>2,709,261</u>	<u>98,345</u>	<u>1,952,532</u>	<u>855,074</u>
Capital assets, being depreciated:				
Buildings	14,806,706	469,528	-	15,276,234
Other improvements	21,412,939	1,045,850	-	22,458,789
Machinery and equipment	2,795,877	599,435	81,086	3,314,226
Vehicles	9,865,115	1,928,892	732,273	11,061,734
Office furniture and equipment	894,652	22,375	9,651	907,376
Animals	21,274	-	-	21,274
Streets	<u>16,573,764</u>	<u>1,109,146</u>	<u>-</u>	<u>17,682,910</u>
Total capital assets, being depreciated	<u>66,370,327</u>	<u>5,175,226</u>	<u>823,010</u>	<u>70,722,543</u>
Less accumulated depreciation for:				
Buildings	4,849,103	366,886	-	5,215,989
Other improvements	12,617,579	1,509,622	-	14,127,201
Machinery and equipment	2,220,616	181,436	81,086	2,320,966
Vehicles	7,059,565	823,744	732,273	7,151,036
Office furniture and equipment	538,463	58,604	9,651	587,416
Animals	21,274	-	-	21,274
Streets	<u>5,027,437</u>	<u>857,431</u>	<u>-</u>	<u>5,884,868</u>
Total accumulated depreciation	<u>32,334,037</u>	<u>3,797,723</u>	<u>823,010</u>	<u>35,308,750</u>
Total capital assets, being depreciated, net	<u>34,036,290</u>	<u>1,377,503</u>	<u>-</u>	<u>35,413,793</u>
Capital Assets Being Amortized:				
Intangible Right-to-use assets:				
Leased equipment	42,533	39,089	-	81,622
IT subscriptions	<u>25,528</u>	<u>83,306</u>	<u>-</u>	<u>108,834</u>
Total capital assets being amortized	<u>68,061</u>	<u>122,395</u>	<u>-</u>	<u>190,456</u>
Less accumulated amortization for:				
Leased equipment	11,530	10,135	-	21,665
IT subscriptions	<u>5,170</u>	<u>40,533</u>	<u>-</u>	<u>45,703</u>
Total accumulated amortization	<u>16,700</u>	<u>50,668</u>	<u>-</u>	<u>67,368</u>
Total capital assets, being amortized, net	<u>51,361</u>	<u>71,727</u>	<u>-</u>	<u>123,088</u>
Governmental activities capital assets, net	<u>\$ 36,796,913</u>	<u>\$ 1,547,575</u>	<u>\$ 1,952,532</u>	<u>\$ 36,391,955</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

	June 30, 2023	Increases	Decreases	June 30, 2024
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 224,814	\$ -	\$ -	\$ 224,814
Construction in progress	5,077	135,760	5,077	135,760
Total capital assets, not being depreciated	<u>229,891</u>	<u>135,760</u>	<u>5,077</u>	<u>360,574</u>
Capital assets, being depreciated:				
Buildings	432,323	-	-	432,323
Plant	6,622,336	-	18,747	6,603,589
Other improvements	19,359,945	693,620	-	20,053,565
Machinery and equipment	917,687	633,606	-	1,551,293
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	<u>29,636,066</u>	<u>1,327,226</u>	<u>18,747</u>	<u>30,944,545</u>
Less accumulated depreciation/amortization for:				
Buildings	396,520	2,682	-	399,202
Plant	1,885,846	139,042	2,890	2,021,998
Other improvements	9,764,018	319,308	-	10,083,326
Machinery and equipment	628,349	162,854	-	791,203
Vehicles	296,036	10,727	-	306,763
Office furniture and equipment	128,719	14,708	-	143,427
Meters	969,397	73,080	-	1,042,477
Total accumulated depreciation/amortization	<u>14,068,885</u>	<u>722,401</u>	<u>2,890</u>	<u>14,788,396</u>
Total capital assets, being depreciated, net	<u>15,567,181</u>	<u>604,825</u>	<u>15,857</u>	<u>16,156,149</u>
Capital Assets Being Amortized:				
Water Rights	3,610,620	-	-	3,610,620
Intangible Right-to-use assets:				
Leased equipment	13,550	-	-	13,550
Total capital assets being amortized	<u>3,624,170</u>	<u>-</u>	<u>-</u>	<u>3,624,170</u>
Less accumulated amortization for:				
Water Rights	2,987,001	90,266	-	3,077,267
Right to use assets:				
Leased equipment	452	2,710	-	3,162
Total accumulated amortization	<u>2,987,453</u>	<u>92,976</u>	<u>-</u>	<u>3,080,429</u>
Total capital assets, being amortized, net	<u>636,717</u>	<u>(92,976)</u>	<u>-</u>	<u>543,741</u>
Business-type activities capital assets, net	<u>\$ 16,433,789</u>	<u>\$ 647,609</u>	<u>\$ 20,934</u>	<u>\$ 17,060,464</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

Governmental activities:	
General government	\$ 1,910,255
Public safety	342,808
Transportation	1,006,255
Public works	11,894
Environmental protection	<u>526,511</u>
Total depreciation expense - governmental activities	<u>3,797,723</u>

Governmental activities:	
General government	<u>50,668</u>
Total amortization expense - government activities	<u>50,668</u>

Total depreciation and amortization expenses - government activities	<u>\$ 3,848,391</u>
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Business-type activities:	
Water *	\$ 655,085
Wastewater	<u>4,001</u>
Total depreciation expense - business-type activities	<u>659,086</u>

Business-type activities:	
Water	<u>92,976</u>
Total amortization expense - business-type activities	<u>92,976</u>

Total depreciation and amortization expenses - business-type activities	<u>\$ 752,062</u>
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*During the year a fully depreciated asset was transferred from governmental to business-type activities. This caused a difference of \$63,313 between depreciation expense and increases in business-type accumulated depreciation.

5. Construction commitments

The Town has active construction projects as of June 30, 2024. At year-end, the Town's commitments with contractors are as follows:

Project		Spent-to-date		Remaining Commitment
Wrightsville Water Improvements	\$	135,475	\$	1,224,170
Wrightsville Streets Improvements		98,345		2,640,227
SE Area Water Plan 24/25		<u>285</u>		<u>1,161,890</u>
	\$	<u>234,105</u>	\$	<u>5,026,287</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

B. Liabilities

1. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2024, were as follows:

	General Fund
Salary and employee benefits	\$ 506,454
Other	253,306
Total accrued liabilities	\$ 759,760

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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, 2024, was 14.10% of compensation for law enforcement officers and 12.90% 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 \$1,284,551 for the year ended June 30, 2024.

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, 2024, the Town reported a liability of \$6,443,071 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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. Contributions made after the reporting date but before the end of the period will be recognized as a decrease in the liability in the subsequent period. At June 30, 2023, the Town's proportion was 0.09728%, which is a decrease of 0.00421% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$1,902,904. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 717,949	\$ 15,456
Changes of assumptions	273,793	-
Net difference between projected and actual earnings on pension plan investments	1,724,448	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	87,068	32,199
Town contributions subsequent to the measurement date	<u>1,284,551</u>	<u>-</u>
Total	<u>\$ 4,087,809</u>	<u>\$ 47,655</u>

\$1,284,551 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 1,017,595
2026	523,423
2027	1,141,667
2028	72,919
2029	-
Thereafter	-
	<u>\$ 2,755,604</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023 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	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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 2.25%. 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:

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 11,162,368	\$ 6,443,071	\$ 2,557,704

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, 2022 (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>27</u>
Total	<u><u>29</u></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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

3. Actuarial Assumptions:

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 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	4.00 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 \$44,847 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, 2024, the Town reported a total pension liability of \$ 1,703,029. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$191,195.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 254,307	\$ 52,015
Changes of assumptions	185,218	216,531
Town benefit payments subsequent to the measurement date	26,467	-
Total	<u>\$ 465,992</u>	<u>\$ 268,546</u>

\$26,467 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, 2025. 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:	
2025	\$ 76,963
2026	44,804
2027	12,672
2028	2,651
2029	17,842
Thereafter	16,047

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 4.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Town's pension liability	\$1,852,681	\$1,703,029	\$1,567,299

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

Total pension liability December 31, 2022	\$ 1,445,325
Changes for the year:	
Service cost at end of year	56,828
Interest	61,435
Change in benefit terms	-
Differences between expected and actuarial experience	138,533
Changes of assumptions and other inputs	40,732
Benefit payments	(39,824)
Other changes	-
Net changes	<u>257,704</u>
Total Pension liability December 31, 2023	<u>\$ 1,703,029</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	\$ 1,902,904	\$ 191,195	\$ 2,094,099
Pension Liability	6,443,071	1,703,029	8,146,100
Proportionate share of the net pension liability	0.09728%	n/a	-
Deferred Outflows of Resources			
Differences between expected and actual experience	717,949	254,307	972,256
Changes of assumptions	273,793	185,218	459,011
Net difference between projected and actual earnings on plan investments	1,724,448	-	1,724,448
Changes in proportion and differences between contributions and proportionate share of contributions	87,068	-	87,068
Benefit payments and administrative costs paid subsequent to the measurement date	1,284,551	26,467	1,311,018
Deferred Inflows of Resources			
Differences between expected and actual experience	15,456	52,015	67,471
Changes of assumptions	-	216,531	216,531
Changes in proportion and differences between contributions and proportionate share of contributions	32,199	-	32,199

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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, 2024 were \$34,525, consisting of \$34,525 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, 2024 were \$165,597 which consisted of \$111,042 from the Town and \$54,555 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, 2024, were \$701,579 that consisted of \$364,434 from the Town and \$337,145 from employees.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2023 the date of the latest actuarial valuation:

Inactive Members or Beneficiaries Currently Receiving Benefits	50
Inactive Members Entitled To, But Not Yet Receiving Benefits	-
Active Members	116
Total Membership	<u>166</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 \$512,457 of pay as you go funding and additional \$64,640 for a total of \$577,097.

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, 2023 and June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Index Fund Equity	100%	100%	7.50%	7.10%

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

Total OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation of June 30, 2023.

The components of the net OPEB liability of the Town at June 30, 2024 were as follows;

Total OPEB liability	\$10,335,425
Plan Fiduciary net position	476,541
Town's net OPEB liability	9,858,883
Plan fiduciary net position as a Percentage of the total OPEB Liability	4.61%

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 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	3.93 percent
Healthcare cost trend rates	Medical – 7% Prescription – 7%

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of June 30, 2023	\$ 9,794,545	\$ 340,857	\$ 9,453,688
Changes for the year:			
Service Cost	395,609	-	395,609
Interest	348,232	-	348,232
Difference between expected and actual experience	307,676	-	307,676
Changes in assumptions or other inputs	1,820	-	1,820
Contributions - employer	-	577,097	(577,097)
Net investment income	-	71,045	(71,045)
Net Benefit payments	(512,457)	(512,457)	-
Net changes	540,880	135,685	405,195
Balance as of June 30, 2024	\$ 10,335,425	\$ 476,542	\$ 9,858,883

Changes of Assumptions. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023 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, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 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 3.93 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 (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	1% Decrease	Discount Rate (3.93%)	1% Increase
Net OPEB liability	\$ 11,048,558	\$ 9,858,883	\$ 8,833,576

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	\$ 8,641,563	\$ 9,858,883	\$ 11,332,181

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$841,069. At June 30, 2024, 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	\$ 564,571	\$ 7,694
Changes of assumptions	316,223	597,212
Net difference between projected and actual earnings on plan investments	-	37,545
Total	<u>\$ 880,794</u>	<u>\$ 642,451</u>

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

2025	\$ 149,377
2026	132,171
2027	(91,508)
2028	(1,403)
2029	46,644
Thereafter	3,064

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, 2024, the Town made contributions to the State for death benefits of \$6,889. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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	\$ 1,284,551
Benefit payments made for LEOSSA subsequent to measurement date	26,467
Benefit payments made for OPEB subsequent to measurement date	-
Differences between expected and actual experience	1,536,827
Changes of assumptions	775,234
Net difference between projected and actual earnings on plan investments	1,724,447
Changes in proportion and difference between contributions and proportionate share of contributions	<u>87,068</u>
Total	<u>\$ 5,434,594</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 68,630
Privilege licenses receivable (General Fund)	-	8,930
Differences between expected and actual experience	75,165	-
Changes in assumptions	813,743	-
Net difference between projected and actual earning on plan investments	37,544	-
Changes in proportion and difference between contributions and proportionate share of contributions	<u>32,199</u>	<u>-</u>
Total	<u>\$ 958,651</u>	<u>\$ 77,560</u>

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, 2024 for \$7,347,814. Of that amount, \$4,874,658 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 a fire truck, street and sidewalk projects, and a garbage truck.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

\$3,321 was committed in the Beach Nourishment Capital Project Fund for project cost tracking and closeout services.

\$2,458,530 was committed in the Water Fund, primarily for the Wrightsville St. Water Improvements and the SE Area Water Plan.

\$11,305 was committed in the Wastewater Fund for the replacement of a pump at pump station one.

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, 2024, in the opinion of the Town's management and the Town Attorney, the Town was not involved in any claims, judgments or contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

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, 2024, the value of the lease liability is \$7,935. 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, 2024 is \$17,356 with accumulated amortization of \$9,546.

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, 2024, the value of the lease liability is \$15,096. 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, 2024 is \$25,177 with accumulated amortization of \$10,491.

On May 9th 2024 the town entered into a 24-month lease as Lessee for the use of a Flock Safety license plate reading system. An initial lease liability was recorded in the amount of \$35,189. As of June 30th, 2024, the value of the lease liability was \$17,189. Town of Kill Devil Hills is required to make yearly fixed payments of \$18,000. The lease has an implicit interest rate of 4.72%. The equipment estimated useful life was 24 months as of the contract commencement. The value of the right to use asset as of June 30, 2024, is \$39,089 with accumulated amortization of \$1,629.

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, 2024, the value of the lease liability is \$10,464. 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, 2024 is \$13,550 with accumulated amortization of \$3,162.

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 \$21,652 was recognized as an outflow of resources for lease of the copiers for governmental activities and \$1,950 was recognized as an outflow of resources for lease of the copiers for business-type activities.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Governmental activities:

Year ending June 30	Principal Payments	Interest Payments	Total Payments
2025	\$ 25,723	\$ 1,259	\$ 26,982
2026	8,724	259	8,983
2027	5,773	73	5,846
	<u>\$ 40,220</u>	<u>\$ 1,591</u>	<u>\$ 41,811</u>

Business-Type activities

Year ending June 30	Principal Payments	Interest Payments	Total Payments
2025	\$ 2,752	\$ 248	\$ 3,000
2026	2,832	168	3,000
2027	2,900	100	3,000
2028	1,980	20	2,000
	<u>\$ 10,464</u>	<u>\$ 536</u>	<u>\$ 11,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

b. Direct Borrowing and Direct Placement Installment Purchase Contracts

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, 2024 equaled \$152,916. The financing contract requires eight semi-annual payments of \$169,582 each.

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, 2024 equaled \$791,932. The financing contract requires fourteen semi-annual payments of \$64,378 each.

In June 2024, the Town entered into a \$2,018,473 direct borrowing installment purchase contract to finance various vehicles and equipment including police, fire, planning, ocean rescue, and solid waste pickup trucks, two garbage trucks, vehicle extraction equipment, an excavator, a trailer jetter, a dump truck, a roll off truck and a dump body insert. A UCC security agreement in the acquired equipment serves as collateral to secure the required payment. The interest rate is 4.27% per annum fixed. The money was placed in an interest-bearing account until related assets were acquired. Unexpended proceeds at June 30, 2024 equaled \$2,018,632. The financing contract requires eight semi-annual payments of \$273,983 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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.

Annual debt service payments on these installment purchases of June 30, 2024 including principal and interest are as follows (Governmental Activities):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$1,917,453	\$268,459
2026	1,722,696	201,972
2027	1,374,187	138,408
2028	845,184	87,499
2029	582,522	59,616
2030-2033	1,118,420	67,816
	<u>\$7,560,462</u>	<u>\$823,770</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, 2024, are as follows (Business-type Activities):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	2,813	-
2026	2,813	-
2027	2,813	-
2028	2,813	-
2029	2,813	-
2030-2031	2,812	-
	<u>\$16,877</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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.

On July 1, 2023 the Town entered into a Subscription agreement for a web-based strategy tool for budgeting. The term of the agreement is three years. The Subscription does not have a stated interest rate. Accordingly, the Town’s estimated incremental borrowing rate of 4.72% was used to discount the subscription payments. The initial liability for the subscription was \$77,906. The liability balance remaining at June 30, 2024 was \$51,506.

During the 2023 fiscal 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.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	24,761	2,431
2026	26,745	1,262
	<u>\$51,506</u>	<u>\$ 3,693</u>

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 \$242,494,636. The Town had no outstanding bonded debt subject to the limitation at June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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, 2024:

	June 30, 2023	Increases	Decreases	June 30, 2024	Current Portion of Balance
Government activities:					
Direct Borrowing Installment Purchase	\$ 7,037,786	\$ 2,018,473	\$ 1,851,731	\$ 7,204,528	\$ 1,798,807
Direct Placement Installment Purchase	474,579	-	118,645	355,934	118,645
Compensated absences-net	979,055	877,836	832,610	1,024,281	700,000
Lease Liability	31,380	35,189	26,349	40,220	25,723
SBITA Liability	12,640	77,906	39,040	51,506	24,761
Net Pension Liability (LGERS)	5,051,023	633,054	-	5,684,077	-
Total Pension Liability (LEO)	1,445,325	257,704	-	1,703,029	68,786
Net OPEB Liability	8,340,044	357,463	-	8,697,507	-
Total	\$ 23,371,832	\$ 4,257,625	\$ 2,868,375	\$ 24,761,082	\$ 2,736,722
Business-type activities:					
Direct Borrowing Installment Purchase	\$ 19,690	\$ -	\$ 2,813	\$ 16,877	\$ 2,813
Compensated absences-net	109,554	123,086	115,990	116,650	70,000
Lease Liability	13,143	-	2,679	10,464	2,752
Net Pension Liability (LGERS)	674,462	84,532	-	758,994	-
Net OPEB Liability	1,113,645	47,733	-	1,161,377	-
Total	\$ 1,930,494	\$ 255,351	\$ 121,482	\$ 2,064,362	\$ 75,565

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

9. Interfund Receivables, Payables, and Transfers

Interfund		
Receivable/Payable:		
Receivable Fund	Payable Fund	Amount
Water Fund	Wastewater Fund	\$ 397,471

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, 2024, consist of the following:

- From general fund to capital reserve fund (for capital projects) \$3,207,043
- From wastewater fund to water fund (to repay wastewater debt) \$18,750
- From water capital reserve fund to water fund (to appropriate capital project funds) \$692,426

10. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2024, the Town has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$13,456 for the 23 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	\$ 36,391,955	\$ 17,060,464
(less): long-term debt net of unexpended debt proceeds	(4,688,708)	(27,341)
Net investment in capital asset	\$ 31,703,248	\$ 17,033,123

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

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	\$ 34,712,548
Less:	
Inventories	206,749
Prepaid items	1,037
Stabilization by State statute	8,174,933
Public Safety	44,442
Streets-Powell Bill	308,614
Capital Reserve Fund	8,240,886
Appropriated Fund Balance in 2024 budget	2,274,274
Working Capital/Fund Balance Policy	9,448,386
Remaining Fund Balance	<u>\$ 6,013,227</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	Non-Major Funds	Enterprise Funds
	\$ 4,874,658	\$ 3,321	\$ 2,469,835

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

NOTE 4. 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, 2024 fiscal year was \$1.838 and \$2.202 per thousand gallons.

NOTE 5. 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, 2024, accumulated amortization was \$3,077,267.

NOTE 6. 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 7. 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 8. ERROR CORRECTION

In prior periods the Town has reported conflicting methods in accounting for the accumulation of compensated absences with the compensated absences note indicated the use of the FIFO method and the long-term debt note indicating the use of the LIFO method. This has been corrected in the current year to reflect the Town's use of the LIFO method. Because the error was in the wording while the method of accounting has remained consistent a prior period adjustment is not appropriate for this issue.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

NOTE 9: RECLASSIFICATION OF MAJOR FUND TO NON-MAJOR

As of June 30, 2024, the Town reclassified the 2022 Beach Nourishment fund from a major governmental fund to a non-major governmental fund. In years past the Town elected to show the fund as major even though it fell short of the major-fund thresholds because the Town felt the activity was material to the users of the financial statements. The reclassification was made because activity in the fund dropped below levels which the Town considers to be material to our users.

As a result of the reclassification the 2022 Beach Nourishment Fund will no longer be shown in a major funds column on the governmental funds Balance sheet or Statement of Revenues, Expenditures, and Changes in Fund Balance and will instead be reported in a Non-Major Funds column on those statements. Additionally, the 2022 Beach Nourishment fund Schedule of Revenue, expenditures, and Changes in Fund Balance will be moved to the Non-Major Governmental funds section of the Comprehensive Annual Financial Report.

The reclassification has no effect on the Town's net position.

NOTE 10. CLOSURE OF MAJOR FUND

As of June 30, 2023, the American Rescue Plan (ARPA) Special Revenue Fund had a balance of Zero dollars and has been closed. As a result of the closure the ARPA special Revenue Fund will no longer be shown in a major funds column on the governmental funds Balance sheet or Statement of Revenues, Expenditures, and Changes in Fund Balance. The fund closure has no effect on Net position.

NOTE 11. SUBSEQUENT EVENTS

Subsequent to year-end the Town entered into a lease agreement with Dare County for a portion of a joint Fire and EMS station. Upon issuance of the certificate of occupancy for the building, the Town began a lease for the fire station, which is approximately 49% of the building. The lease has 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. Construction of the facility ran behind schedule during the year requiring the County to make it's first payments on the obligation before the lease term began. As such the Town made it's first payment on the uninitiated lease before June 30, 2024. The payment of \$547,303 was recorded as an expenditure on the General Fund Statement of Revenues, Expenditures, and changes in Fund Balance and a prepaid lease asset on the Government Wide Statement of Net Position.

Management has evaluated subsequent events through November 12, 2024, the date the financial statements were available to be issued.

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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>2024</u>	<u>2023</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) (\$)	\$ 6,443,071	\$ 5,725,485
Kill Devil Hills' covered payroll*	\$ 8,982,996	\$ 8,184,571
Kill Devil Hills' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.73%	69.95%
Plan fiduciary net position as a percentage of the total pension liability	82.49%	84.14%

* 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

2022	2021	2020	2019	2018	2017	2016	2015
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
\$ 1,477,446	\$ 3,541,623	\$ 2,687,500	\$ 2,372,816	\$ 1,518,557	\$ 2,152,048	\$ 439,863	\$ (584,202)
\$ 7,732,141	\$ 7,281,756	\$ 6,874,637	\$ 6,563,627	\$ 6,510,677	\$ 6,109,672	\$ 5,954,373	\$ 5,833,247
19.11%	48.64%	39.09%	36.15%	23.32%	35.22%	7.39%	(10.02%)
95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%

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

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 1,284,551	\$ 1,107,660
Contributions in relation to the contractually required contribution	1,284,551	1,107,660
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Kill Devil Hills' covered payroll	\$ 9,780,469	\$ 8,982,996
Contributions as a percentage of covered payroll	13.13%	12.33%

* 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.

2022	2021	2020	2019	2018	2017	2016	2015
\$ 943,546	\$ 794,975	\$ 662,229	\$ 542,940	\$ 502,297	\$ 481,666	\$ 418,284	\$ 426,043
943,546	794,975	662,229	542,940	502,297	481,666	418,284	426,043
<u>\$ -</u>							
\$ 8,184,571	\$ 7,732,141	\$ 7,281,756	\$ 6,874,637	\$ 6,563,627	\$ 6,510,677	\$ 6,109,672	\$ 5,954,373
11.53%	10.28%	9.09%	7.90%	7.65%	7.40%	6.85%	7.16%

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

	<u>2024</u>	<u>2023</u>
Beginning Balance	\$ 1,445,325	\$ 1,536,899
Service Cost	56,828	82,984
Interest on the total pension liability	61,435	34,003
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	138,533	124,432
Changes of assumptions or other inputs	40,732	(281,675)
Benefit payments	(39,824)	(51,318)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 1,703,029</u>	<u>\$ 1,445,325</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

2022	2021	2020	2019	2018	2017
\$ 1,470,254	\$ 1,175,808	\$ 930,836	\$ 940,269	\$ 902,881	\$ 895,538
84,172	45,553	44,814	49,739	42,525	45,544
27,907	37,539	32,997	29,130	34,306	31,168
-	-	-	-	-	-
46,956	(144,889)	178,122	(10,444)	(72,513)	-
(43,759)	404,874	37,670	(40,984)	61,322	(24,417)
(48,631)	(48,631)	(48,631)	(36,874)	(28,252)	(44,952)
-	-	-	-	-	-
<u>\$ 1,536,899</u>	<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 EIGHT FISCAL YEARS

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 1,703,029	\$ 1,445,325	\$ 1,536,899
Covered- employee payroll	2,093,548	1,998,065	1,891,783
Total pension liability as a percentage of covered-employee	81.35%	72.34%	81.24%

Notes to the schedules:

The Town of Kill Devil Hills has no assets accumulated in a trust that meets the criteria 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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 1,470,254	\$ 1,175,808	\$ 930,836	\$ 940,269	\$ 902,881
1,682,842	1,637,083	1,613,845	1,591,980	1,690,181
87.37%	71.82%	57.68%	59.06%	53.42%

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

	2024	2023	2022
Total OPEB Liability			
Beginning Balance	\$ 9,794,545	\$ 9,679,018	\$ 10,137,767
Service Cost	395,609	392,435	476,750
Interest	348,232	334,113	213,834
Changes of benefit terms	-	-	-
Differences between expected and actual experience	307,676	(11,340)	319,331
Changes of assumptions	1,820	(113,886)	(989,984)
Benefit payments	(512,457)	(485,795)	(478,680)
Net Change in total OPEB liability	<u>540,880</u>	<u>115,527</u>	<u>(458,749)</u>
Ending balance of the total pension liability	<u>\$ 10,335,425</u>	<u>\$ 9,794,545</u>	<u>\$ 9,679,018</u>
Plan Fiduciary Net Position			
Contributions -employer	\$ 577,097	\$ 503,795	\$ 496,680
Net investment income	71,045	47,205	(47,465)
Benefit payments	(512,457)	(485,795)	(478,680)
Net change in plan fiduciary net position	<u>135,685</u>	<u>65,205</u>	<u>(29,465)</u>
Plan fiduciary net position - beginning	340,857	275,652	305,117
Plan fiduciary net position- ending	<u>\$ 476,542</u>	<u>\$ 340,857</u>	<u>\$ 275,652</u>
Town's net OPEB Liability - ending	<u>\$ 9,858,883</u>	<u>\$ 9,453,688</u>	<u>\$ 9,403,366</u>
Plan Fiduciary Net Position as a percentage of the total OPEB Liability	4.61%	3.48%	2.93%
Covered payroll	\$ 8,418,760	\$ 7,066,930	\$ 7,066,930
Net OPEB liability as a percentage of covered payroll	117.11%	133.77%	133.06%

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

2021	2020	2019	2018
\$ 9,879,097	\$ 8,000,456	\$ 7,384,841	\$ 7,549,376
502,860	373,213	343,907	374,355
213,413	272,503	255,861	221,571
-	-	-	-
9,636	509,814	66,206	69,333
(20,008)	1,156,153	(261,625)	(450,541)
(447,231)	(433,042)	(398,981)	(379,253)
258,670	1,878,641	5,368	(164,535)
<u>\$ 10,137,767</u>	<u>\$ 9,879,097</u>	<u>\$ 7,390,209</u>	<u>\$ 7,384,841</u>
\$ 447,231	\$ 658,042	\$ 398,981	\$ 379,253
86,383	(6,266)	-	-
(447,231)	(433,042)	(398,981)	(379,253)
86,383	218,734	-	-
218,734	-	-	-
<u>\$ 305,117</u>	<u>\$ 218,734</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 9,832,650</u>	<u>\$ 9,660,363</u>	<u>\$ 7,390,209</u>	<u>\$ 7,384,841</u>
3.10%	2.26%	0.00%	0.00%
\$ 7,342,664	\$ 7,342,664	\$ 5,824,231	\$ 5,824,231
133.91%	131.56%	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.

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
REVENUES				
Ad Valorem Taxes:				
Current year	\$	\$ 11,062,373	\$	\$ 9,787,826
Municipal service district		509,424		506,506
Prior years		22,463		38,918
Less payments to other governments		(9,539)		(6,596)
Penalties and interest		24,041		21,062
	<u>11,390,809</u>	<u>11,608,762</u>	<u>217,953</u>	<u>10,347,716</u>
Other Taxes and Licenses:				
Privilege licenses:				
Current		6,665		7,252
Penalties		24		15
Local option sales tax		4,110,253		4,013,607
Local option sales tax MSD		217,240		213,913
Occupancy tax		4,527,503		4,443,839
Land transfer tax		977,862		1,065,462
Solid waste disposal tax		6,115		6,273
	<u>9,640,060</u>	<u>9,845,662</u>	<u>205,602</u>	<u>9,750,361</u>
Unrestricted Intergovernmental Revenues:				
Utilities sales tax		864,658		802,907
Piped natural gas sales tax		5,400		11,748
Sales tax - telecom services		33,382		34,882
Sales tax - video programming		130,315		142,162
PEG channel support		25,765		25,600
Wine and beer tax		38,182		35,266
ABC revenue		31,301		28,808
Mixed beverage tax		54,868		52,732
	<u>1,075,500</u>	<u>1,183,871</u>	<u>108,371</u>	<u>1,134,105</u>
Restricted Intergovernmental Revenues:				
FEMA		334,793		697,228
Asset forfeiture funds		-		14,869
Powell Bill allocation		304,796		275,549
Drug enforcement reimbursement		5,090		7,121
Grant - USDOJ Body Armor		1,437		3,320
Grant - Gov't Access Channels		5,000		5,000
Grant - DCTB - Sidewalk		177,000		-
Grant - DCTB - Meekins Field		-		200,000
Grant - AFG - Radios		11,060		218,349
Grant - STRap Highway Commission		4,188		258,458
Grant - OB Forever - Sidewalk		25,000		-
Grant - DCTB - Fireworks		12,200		12,200
Grant - NCLM Wellness		2,500		2,500
	<u>297,738</u>	<u>883,064</u>	<u>585,326</u>	<u>1,694,594</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Permits and Fees:				
Building permits	\$	\$ 358,291	\$	\$ 427,223
Occupancy permit fees		5,600		4,400
Site plan review fees		40,795		21,555
Other planning fees		8,100		4,434
CAMA implement and enforcement payments		2,800		2,635
Homeowner recovery fees		49		70
Taxi ordinance fees		85		75
Encroachment fee		9,739		-
	<u>278,400</u>	<u>425,459</u>	<u>147,059</u>	<u>460,392</u>
Sales and Services:				
Animal Control fees:				
Boarding and adoption		3,070		3,200
Dog licenses		695		612
Rabies vaccination		111		140
Court costs and fees		1,773		1,789
Finger print fees		750		1,110
Buy gold application fee		180		142
Rollout container sales		28,838		30,479
Dumpster sales		99,157		67,423
Cookbook sales		60		-
	<u>171,030</u>	<u>134,634</u>	<u>(36,396)</u>	<u>104,895</u>
Investment Earnings:				
Investment earnings		787,265		532,816
Change in fair value of investments		438,388		(174,495)
Net investment earnings (loss)	<u>400,000</u>	<u>1,225,653</u>	<u>825,653</u>	<u>358,321</u>
Other revenues:				
Miscellaneous		71,778		54,412
Dare County EMS Fuel		12,812		10,032
Discounts on purchases		3,215		3,020
Rental of government owned property		188,091		169,217
Contributions		600		1,084
Insurance Proceeds		24,668		32,974
	<u>249,929</u>	<u>301,164</u>	<u>51,235</u>	<u>270,739</u>
<u>TOTAL REVENUES</u>	<u>23,503,466</u>	<u>25,608,269</u>	<u>2,104,803</u>	<u>24,121,123</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
EXPENDITURES				
General Government:				
Administration:				
<i>Administrative costs:</i>				
Board of commissioner fees	\$	\$ 54,349	\$	\$ 52,344
Video taping		4,874		5,205
Legal services		58,248		54,590
Travel and training-board		1,796		1,592
Election costs		6,491		-
		<u>125,758</u>		<u>113,731</u>
<i>Salaries and benefits:</i>				
Salaries		694,156		607,070
FICA expense		51,918		46,597
Funding for health plan		123,545		117,340
Retirement		89,961		73,864
401K retirement		34,789		30,318
		<u>994,369</u>		<u>875,189</u>
<i>Operating expenditures:</i>				
Professional services		13,918		14,425
Engineering services		7,605		12,095
Telephone		20,421		19,561
Travel and training		15,603		16,799
Insurance claims		4,803		-
Outside maintenance		16		1,390
Fleet maintenance		841		221
Communications		1,021		1,012
Maintenance contracts		3,264		4,814
Printing		4,440		1,269
Equipment lease		3,582		3,582
Copier lease		5,016		4,379
Partnerships		30,000		35,000
Tuition reimbursement		3,912		1,047
Advertising		18,038		20,810
Vehicle fuel		451		563
Supplies and materials		13,450		11,602
Contracted services		36,000		37,140
Dues and subscriptions		16,600		14,452
Worker's compensation		1,333		818
Miscellaneous		40		291
Miscellaneous-special events		63,479		46,159
Miscellaneous-wellness program		5,848		5,208
Miscellaneous-Board of Commissioners		252		493
		<u>269,933</u>		<u>253,130</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Administration (continued):				
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund	\$	\$ (126,942)	\$	\$ (145,975)
		<u>(126,942)</u>		<u>(145,975)</u>
Total	<u>1,440,218</u>	<u>1,263,118</u>	<u>177,100</u>	<u>1,096,075</u>
Finance and Tax:				
<i>Salaries and benefits:</i>				
Salaries		548,867		566,735
FICA expense		41,139		42,383
Funding for health plan		101,840		95,014
Retirement		70,964		69,005
401K retirement		27,443		28,337
		<u>790,253</u>		<u>801,474</u>
<i>Operating expenditures:</i>				
Audit		37,100		30,230
Tax collection fee		176,381		156,651
Postage		4,556		3,454
Travel and training		9,650		8,602
Insurance Claims		-		2,465
Communications		174		173
Printing		1,764		447
Copier lease		4,878		5,401
Supplies and materials		3,049		6,504
Contracted services		9,889		9,886
Departmental supplies		5,464		4,492
Departmental charges		(5,464)		(4,492)
Dues and subscriptions		1,924		667
General insurance		230,961		191,590
Retiree health insurance		463,551		436,632
OPEB Irrevocable trust		64,640		18,000
Worker's compensation		789		837
Unemployment insurance		3,020		2,389
		<u>1,012,326</u>		<u>873,928</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(107,693)		(114,935)
		<u>(107,693)</u>		<u>(114,935)</u>
Total	<u>1,868,701</u>	<u>1,694,886</u>	<u>173,815</u>	<u>1,560,467</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Management Information Services				
<i>Salaries and benefits:</i>				
Salaries	\$	\$ 140,085	\$	\$ 116,370
FICA expense		10,381		8,567
Funding for health plan		25,980		25,366
Retirement		18,094		14,171
401K retirement		6,648		5,818
		<u>201,188</u>		<u>170,292</u>
<i>Operating expenditures:</i>				
Travel and training		-		1,324
Outside maintenance and repairs		3,076		681
Maintenance contracts		156,215		155,628
IT Subscriptions		39,400		9,750
Supplies and materials		94,863		44,401
Contracted services		21,180		23,691
Worker's compensation		189		162
Dues and subscriptions		12,454		368
		<u>327,377</u>		<u>236,005</u>
<i>Capital outlay:</i>				
Office furniture and equipment		11,913		16,313
GASB 96 - IT Software		83,306		25,528
		<u>95,219</u>		<u>41,841</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(49,292)		(49,998)
		<u>(49,292)</u>		<u>(49,998)</u>
Total	631,359	574,492	56,867	398,140
Planning and Development:				
<i>Salaries and benefits:</i>				
Salaries		735,112		646,448
FICA expense		54,723		47,903
Funding for health plan		131,733		125,081
Retirement		94,764		78,744
401K retirement		36,302		30,699
		<u>1,052,634</u>		<u>928,875</u>
<i>Operating expenditures:</i>				
Planning and zoning board fees		10,480		10,020
Travel and training		6,043		5,667
Outside maintenance and repairs		158		28
Fleet maintenance		708		525
Communications		1,897		1,854
Equipment rental		182		45
Equipment lease		5,400		5,400

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Planning and Development (continued):				
<i>Operating expenditures (continued):</i>				
Copier lease	\$	\$ 2,904	\$	\$ 3,943
Historic Landmark		-		169
Vehicle fuel		2,823		3,453
Supplies and materials		4,342		2,100
Chapter updates		700		41,015
Recordation Fees		60		2
Dues and subscriptions		2,548		2,259
Worker's compensation		8,206		6,956
Miscellaneous		88		-
Installment note payments		27,362		19,346
		<u>73,901</u>		<u>102,782</u>
<i>Capital outlay:</i>				
Vehicle		90,843		-
		<u>90,843</u>		<u>-</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(92,547)		(89,032)
		<u>(92,547)</u>		<u>(89,032)</u>
 Total	 <u>1,291,858</u>	 <u>1,124,831</u>	 <u>167,027</u>	 <u>942,625</u>
 Buildings and Grounds:				
<i>Salaries and benefits:</i>				
Salaries		422,129		382,037
FICA expense		30,784		27,956
Funding for health plan		125,792		115,657
Retirement		54,576		46,530
401K Retirement		19,126		17,525
		<u>652,407</u>		<u>589,705</u>
<i>Operating expenditures:</i>				
Travel and training		316		811
Utilities		74,923		52,258
Repairs and maintenance:				
Buildings and grounds		66,943		165,519
HVAC		23,078		23,891
Shoreline accesses		36,860		47,796
Recreational facilities		71,501		30,199
Landscaping		3,956		9,279
Special Event displays		2,610		5,197

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Buildings and Grounds (continued):				
<i>Operating expenditures (continued):</i>				
Outside maintenance and repairs	\$	\$ 2,754	\$	\$ 2,263
Insurance claims		6,744		16,705
Fleet maintenance		3,454		3,440
Equipment maintenance		2,096		1,245
Communications		2,073		2,104
Copier Lease		181		158
Building Lease		547,303		-
Vehicle fuel		6,951		6,214
Supplies and materials		49,362		43,942
Uniforms		1,766		1,718
Contracted services		55,501		51,694
Worker's compensation		9,664		8,922
Installment note payments		610,983		636,997
		<u>1,579,019</u>		<u>1,110,352</u>
<i>Capital outlay:</i>				
Buildings		16,651		179,762
Meekins Field		104,245		575,941
Aviation Park		66,919		174,556
Machinery & equipment		23,595		21,147
Lease asset		26,320		-
Vehicles		41,647		-
		<u>279,377</u>		<u>951,406</u>
<i>Reimbursement:</i>				
Reimbursement - Proprietary fund		(84,512)		(71,329)
		<u>(84,512)</u>		<u>(71,329)</u>
Total	<u>2,872,360</u>	<u>2,426,291</u>	<u>446,069</u>	<u>2,580,134</u>
Beach Nourishment:				
<i>Operating expenditures:</i>				
Legal Services		-		252
Tax collection fee		7,769		7,923
Audit		-		2,950
Beach Nourishment		26,895		18,449
Installment note payment		126,618		3,854,898
		<u>161,282</u>		<u>3,884,472</u>
Total	<u>237,057</u>	<u>161,282</u>	<u>75,775</u>	<u>3,884,472</u>
Total General Government	<u>8,341,553</u>	<u>7,244,900</u>	<u>1,096,653</u>	<u>10,461,913</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Public Safety:				
Police:				
<i>Salaries and benefits:</i>				
Salaries	\$	\$ 2,475,747	\$	\$ 2,301,626
FICA expense		186,383		173,144
Funding for health plan		537,343		531,365
Retirement		345,668		298,979
5% 401K retirement		121,447		112,906
3% 401K retirement		1,404		1,305
Seperation Allowance		44,848		48,791
		<u>3,712,840</u>		<u>3,468,116</u>
<i>Operating expenditures:</i>				
Professional services		918		524
Travel and training		16,785		19,763
Firing range		2,600		2,600
Insurance claims		1,267		19,329
Outside maintenance and repairs		4,767		5,656
Fleet maintenance		17,575		14,753
Communications		26,959		27,736
Maintenance contracts		14,856		-
Printing		199		-
Equipment lease		18,000		-
Copier lease		5,434		5,425
Vehicle fuel		75,481		77,511
<i>Supplies and materials:</i>				
General		32,259		19,730
Criminal		1,436		1,465
Car Radios		11,988		-
Handheld Radios		10,022		4,645
Uniforms		21,837		15,752
Crime prevention		1,485		681
Controlled substances		2,000		2,000
Contracted Services		50		50
Dues and subscriptions		4,276		3,793
Worker's compensation		43,899		38,123
Miscellaneous		1,058		-
Installment note payments		287,623		248,451
Financed purchase payment		45,468		45,468
		<u>648,242</u>		<u>553,455</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Police (continued):				
<i>Capital outlay:</i>				
Machinery and equipment	\$	\$ 40,599	\$	\$ -
Lease asset		39,089		-
Vehicles		257,507		251,301
Office furniture and equipment		22,375		-
		<u>359,570</u>		<u>251,301</u>
Total	<u>5,330,952</u>	<u>4,720,652</u>	<u>610,300</u>	<u>4,272,872</u>
Animal Control:				
<i>Salaries and benefits:</i>				
Salaries		127,130		116,146
FICA expense		9,253		8,428
Funding for health plan		38,248		36,318
Retirement		16,438		14,147
401K retirement		6,356		5,807
		<u>197,425</u>		<u>180,846</u>
<i>Operating expenditures:</i>				
Professional services		-		99
Travel and training		-		1,120
Outside maintenance and repairs		87		181
Fleet maintenance		850		403
Communications		480		480
Vehicle fuel		2,606		2,967
Supplies and materials		2,406		2,385
Uniforms		724		1,041
Dues and subscriptions		-		206
Worker's compensation		1,669		1,510
		<u>8,822</u>		<u>10,392</u>
Total	<u>209,818</u>	<u>206,247</u>	<u>3,571</u>	<u>191,238</u>
Fire:				
<i>Salaries and benefits:</i>				
Salaries		1,823,041		1,663,974
FICA expense		132,728		120,670
Funding for health plan		432,782		426,252
Retirement		234,618		200,542
401K retirement		87,594		79,468
		<u>2,710,763</u>		<u>2,490,906</u>
<i>Operating expenditures:</i>				
Professional services		10,868		11,950
Travel and training		11,974		20,578
Insurance claims		-		4,142

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, 2024**

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Fire (continued):				
<i>Operating expenditures (continued):</i>				
Outside maintenance and repairs	\$	\$ 42,271	\$	\$ 14,471
Fleet maintenance		17,702		12,707
Communications		6,599		6,741
Maintenance Contracts		-		
Printing		-		250
Copier lease		2,166		2,346
Vehicle Fuel		17,052		20,491
Supplies and materials		34,279		48,008
SCBA equipment		5,150		5,025
Uniforms		30,561		53,393
Contracted Services		76		-
Dues and subscriptions		5,057		4,950
Worker's compensation		44,194		40,376
Firemen's pension		1,770		3,650
Installment note payments		211,700		220,492
		<u>441,419</u>		<u>469,570</u>
<i>Capital outlay:</i>				
AFG - Radios		11,949		229,841
Machinery and equipment		57,558		-
		<u>69,507</u>		<u>229,841</u>
Total	<u>4,293,472</u>	<u>3,221,689</u>	<u>1,071,783</u>	<u>3,190,317</u>
Ocean Rescue:				
<i>Salaries and benefits:</i>				
Salaries		652,740		574,540
FICA expense		49,955		43,969
Funding for health plan		17,801		16,883
Retirement		18,204		15,669
401K retirement		5,036		4,603
		<u>743,736</u>		<u>655,664</u>
<i>Operating expenditures:</i>				
Professional services		2,100		2,460
Travel and training		291		489
Outside maintenance and repairs		6,773		13,592
Fleet maintenance		2,246		979
Communications		1,708		420
Printing		890		1,211
Equipment rental		11,400		11,200

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Ocean Rescue (continued):				
Copier lease	\$	\$ 208	\$	\$ 135
Vehicle fuel		4,436		5,203
Supplies and materials		17,165		16,151
Uniforms		13,641		17,153
Dues and subscriptions		60		60
Worker's compensation		18,601		11,525
Installment note payments		18,363		13,668
		<u>97,882</u>		<u>94,246</u>
<i>Capital outlay:</i>				
Machinery and equipment		12,531		-
		<u>12,531</u>		<u>-</u>
 Total	 1,065,870	 854,149	 211,721	 749,910
Total Public Safety	10,900,112	9,002,737	1,897,375	8,404,337
Transportation				
Streets:				
<i>Salaries and benefits:</i>				
Salaries		466,649		463,225
FICA expense		34,656		34,232
Funding for health plan		106,848		109,096
Retirement		59,374		56,447
401K retirement		21,119		23,082
		<u>688,646</u>		<u>686,082</u>
<i>Operating expenditures:</i>				
Utilities		94,102		100,279
Travel and training		260		15
Street maintenance		129,562		128,783
Sidewalks		40,307		23,093
Canal		4,188		299,949
Outside maintenance and repairs		5,482		6,964
Fleet maintenance		15,375		33,649
Communications		2,287		2,198
Equipment rental		55		-
Copier lease		337		363
Vehicle fuel		19,034		20,440
Supplies and materials		21,070		19,654
Uniforms		6,130		4,979
Contracted services		73,586		12,250
Dues and subscriptions		-		49
Worker's compensation		14,479		14,284
Installment note payments		142,298		117,148
		<u>568,552</u>		<u>784,097</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance	2023
	Budget	Actual	Positive (Negative)	Actual
Streets (continued):				
<i>Capital outlay</i>				
Machinery and equipment	\$	\$ 93,842	\$	\$ 20,001
Vehicles		-		226,486
Street construction		713,339		1,052,347
Sidewalks		20,486		576,296
		<u>827,667</u>		<u>1,875,130</u>
Total	<u>5,308,226</u>	<u>2,084,865</u>	<u>3,223,361</u>	<u>3,345,309</u>
Powell Bill:				
<i>Operating expenditures:</i>				
Professional services		618		406
Supplies and materials		17,118		19,584
		<u>17,736</u>		<u>19,990</u>
<i>Capital outlay:</i>				
Street construction		-		321,243
		<u>-</u>		<u>321,243</u>
Total	<u>329,403</u>	<u>17,736</u>	<u>311,667</u>	<u>341,233</u>
Total Transportation	<u>5,637,629</u>	<u>2,102,601</u>	<u>3,535,028</u>	<u>3,686,542</u>
Public Works:				
Fleet Maintenance:				
<i>Salaries and benefits:</i>				
Salaries		381,779		341,664
FICA expense		28,678		25,594
Funding for health plan		74,279		70,516
Retirement		49,361		41,615
401K retirement		19,089		17,083
		<u>553,186</u>		<u>496,472</u>
<i>Operating expenditures:</i>				
Travel and training		280		3
Outside maintenance and repairs		8,981		2,814
Fleet maintenance		1,032		206
Communications		480		480
Maintenance contracts		1,175		1,175
Printing		-		550
Copier lease		191		127
Vehicle fuel		1,509		1,675
Supplies and materials		15,674		11,462
Uniforms		2,926		2,611
Fleet maintenance supplies		181,337		132,453

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Fleet Maintenance (continued):				
<i>Operating expenditures (continued):</i>				
Fuel	\$	\$ 260,211	\$	\$ 287,742
Dues and subscriptions		840		840
Worker's compensation		6,405		5,414
Installment note payments		5,632		11,264
Departmental charges		(422,644)		(420,193)
		<u>64,029</u>		<u>38,623</u>
<i>Capital outlay:</i>				
Machinery and equipment		-		11,864
		<u>-</u>		<u>11,864</u>
Reimbursement - Proprietary fund		(61,687)		(61,751)
		<u>(61,687)</u>		<u>(61,751)</u>
Total Public Works	<u>622,486</u>	<u>555,528</u>	<u>66,958</u>	<u>485,208</u>
Environmental Protection:				
Solid Waste:				
<i>Salaries and benefits:</i>				
Salaries		798,960		750,271
FICA expense		58,658		54,912
Funding for health plan		218,361		222,633
Retirement		103,298		91,376
401K retirement		39,900		37,509
		<u>1,219,177</u>		<u>1,156,701</u>
<i>Operating expenditures:</i>				
Travel and training		455		27
Insurance claims		1,000		5,484
Outside maintenance and repairs		9,472		47,013
Fleet maintenance		114,903		90,522
Communications		4,270		4,325
Printing		1,383		655
Copier lease		337		363
Vehicle fuel		105,554		125,363
Supplies and materials		16,880		16,173
Uniforms		10,696		8,980
Contracted services		38,800		34,950
Contracted services - tipping fees		1,013,552		1,007,529
Purchases for resale:				
Dumpsters		97,667		63,373
Rollout carts		15,982		27,201
Household hazardous waste		2,397		2,406
Dues and subscriptions		80		80

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance	2023
	Budget	Actual	Positive (Negative)	Actual
Solid Waste (continued):				
<i>Operating expenditures (continued):</i>				
Worker's compensation	\$	\$ 25,346	\$	\$ 23,370
Installment note payments		736,810		650,925
		<u>2,195,584</u>		<u>2,108,739</u>
<i>Capital outlay:</i>				
Machinery and equipment		154,864		46,543
Vehicles		1,538,894		867,595
		<u>1,693,758</u>		<u>914,138</u>
Total Environmental Protection	<u>5,560,251</u>	<u>5,108,519</u>	<u>451,732</u>	<u>4,179,578</u>
TOTAL EXPENDITURES	<u>31,062,031</u>	<u>24,014,285.00</u>	<u>7,047,746</u>	<u>27,217,578</u>
REVENUES (UNDER) OVER EXPENDITURES	<u>(7,558,565)</u>	<u>1,593,984</u>	<u>9,152,549</u>	<u>(3,096,455)</u>
OTHER FINANCING SOURCES (USES)				
Direct borrowing	2,018,473	2,018,473	-	2,054,744
Lease proceeds	-	-	-	-
Sale of capital assets	20,000	113,218	93,218	115,065
GASB 87 lease financing	35,189	35,189	-	-
GASB 96 SBITA financing	77,906	77,906	-	22,390
Transfer from special revenue fund	-	-	-	2,363,588
Transfer from capital reserve fund	2,804,895	-	(2,804,895)	-
Transfer to capital reserve fund	(3,940,857)	(3,207,043)	733,814	(1,713,148)
Appropriated fund balance	3,394,127	-	(3,394,127)	-
Appropriated fund balance - encumbrances	2,914,096	-	(2,914,096)	-
Appropriated fund balance - streets	177,333	-	(177,333)	-
Appropriated fund balance - powell bill	57,403	-	(57,403)	-
	<u>7,558,565</u>	<u>(962,257)</u>	<u>(8,520,822)</u>	<u>2,842,639</u>
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>631,727</u>	<u>\$ 631,727</u>	<u>(253,816)</u>
FUND BALANCE				
Fund balance, beginning		25,839,934		26,093,750
Fund balance, end of year		<u>\$ 26,471,661</u>		<u>\$ 25,839,934</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, 2024
With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
<u>REVENUES</u>				
Investment earnings:				
Investment earnings	\$ -	\$ 258,538	\$ 258,538	\$ 126,690
Change in fair value of investments	-	(185)	(185)	(87,021)
Net investment earnings (loss)	-	258,353	258,353	39,669
<u>TOTAL REVENUES</u>	-	258,353	258,353	39,669
<u>REVENUES OVER (UNDER)</u>	-	258,353	258,353	39,669
<u>EXPENDITURES</u>				
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to general fund	(2,804,895)	-	2,804,895	-
Transfer from general fund	3,940,857	3,207,043	(733,814)	1,713,148
Future Reserves	(1,135,962)	-	1,135,962	-
	-	3,207,043	3,207,043	1,713,148
REVENUES AND OTHER SOURCES OVER (UNDER) OTHER USES	\$ -	3,465,396	\$ 3,465,396	1,752,817
<u>FUND BALANCE</u>				
Beginning of Year - July 1		4,775,490		3,022,673
End of Year - June 30		\$ <u>8,240,886</u>		\$ <u>4,775,490</u>

NON-MAJOR GOVERNMENTAL FUNDS

The **2022 Beach Nourishment Capital Project Fund** is used to account for the beach nourishment project that began in 2022.

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	2022 Beach Nourishment Capital Project Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 348,552	\$ 348,552
Accrued Interest Receivable	<u>2,379</u>	<u>2,379</u>
Total assets	<u>\$ 350,931</u>	<u>\$ 350,931</u>
<u>FUND BALANCES:</u>		
Assigned		
Beach Nourishment	<u>350,931</u>	<u>350,931</u>
Total fund balances	<u>350,931</u>	<u>350,931</u>
Total liabilities and fund balances	<u>\$ 350,931</u>	<u>\$ 350,931</u>

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, 2024

	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	541,332	2,516	543,848	(147,289)
Sand Fencing Grant from Dare County	48,000	48,000	-	48,000	-
Investment earnings:					
Interest earnings	-	22,248	11,944	34,192	34,192
Change in fair value of investments	-	(17,574)	6,728	(10,846)	(10,846)
	<u>2,196,013</u>	<u>2,050,882</u>	<u>21,188</u>	<u>2,072,070</u>	<u>(123,943)</u>
<u>TOTAL REVENUES</u>	<u>2,196,013</u>	<u>2,050,882</u>	<u>21,188</u>	<u>2,072,070</u>	<u>(123,943)</u>
<u>EXPENDITURES:</u>					
Capital outlay:					
Beach nourishment	6,795,623	6,305,790	14,959	6,320,749	474,874
	<u>6,795,623</u>	<u>6,305,790</u>	<u>14,959</u>	<u>6,320,749</u>	<u>474,874</u>
<u>TOTAL EXPENDITURES</u>	<u>6,795,623</u>	<u>6,305,790</u>	<u>14,959</u>	<u>6,320,749</u>	<u>474,874</u>
<u>REVENUES OVER (UNDER)</u>					
<u>EXPENDITURES</u>	(4,599,610)	(4,254,908)	6,229	(4,248,679)	350,931
<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	368,217	368,217	-	368,217	-
<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>\$ 344,702</u>	<u>6,229</u>	<u>\$ 350,931</u>	<u>\$ 350,931</u>
<u>FUND BALANCE</u>					
Beginning of Year - July 1			344,702		
End of Year - June 30			<u>\$ 350,931</u>		

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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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Water sales	\$	\$ 5,120,975	\$	\$ 4,887,287
Water connection fees		76,544		118,007
Late payment penalties		43,082		33,857
Miscellaneous		30,265		23,856
Total operating revenues		<u>4,308,108</u>		<u>5,063,007</u>
Non-operating revenues:				
Investment earnings		391,093		245,991
Change in fair value on investments		167,765		(124,809)
Total non-operating revenues		<u>75,000</u>		<u>121,182</u>
TOTAL REVENUES		<u>4,383,108</u>		<u>5,184,189</u>
EXPENDITURES				
Water Administration:				
<i>Administrative costs:</i>				
Legal services		<u>7,625</u>		<u>7,680</u>
		<u>7,625</u>		<u>7,680</u>
<i>Salaries and benefits:</i>				
Salaries		511,708		465,136
FICA expense		37,902		34,424
Funding for health plan		106,760		103,143
Retirement		66,158		56,652
401K retirement		<u>25,586</u>		<u>23,257</u>
		<u>748,114</u>		<u>682,612</u>
<i>Operating expenditures:</i>				
Audit		6,160		8,770
Postage		16,870		16,473
Telephone		6,807		6,496
Utilities		2,902		2,813
Travel and training		228		190
Maintenance and repairs:				
Buildings and grounds		4,339		913
Outside		308		515
Fleet maintenance		3,453		1,007
Communications		1,971		1,983
Maintenance contracts		1,088		1,605
Printing		1,784		1,610
Equipment rental		-		38
Equipment lease		3,000		2,641
Copier lease		1,471		1,352

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Water Administration (continued):				
<i>Operating expenditures (continued):</i>				
Advertising	\$	\$ 170	\$	\$ 341
Vehicle fuel		5,702		6,200
Supplies and materials		3,602		5,376
Uniforms		1,358		2,269
Contracted services		10,295		9,455
Contracted services:				
Water billing		5,388		5,285
Dues and subscriptions		4,877		3,892
General insurance		87,169		72,641
Retiree health insurance		48,906		49,163
Worker's compensation		4,517		3,725
Miscellaneous - special events		677		677
Reimbursement to General Fund		522,674		533,020
		<u>745,716</u>		<u>738,450</u>
Total	<u>1,611,948</u>	<u>1,501,455</u>	<u>110,493</u>	<u>1,428,742</u>
Water Treatment Plant:				
<i>Salaries and benefits:</i>				
Salaries		258,168		239,085
FICA expense		19,319		17,869
Funding for health plan		59,651		56,806
Retirement		33,382		29,121
401K retirement		12,908		11,954
		<u>383,428</u>		<u>354,835</u>
<i>Operating expenditures:</i>				
Professional services		218		218
Utilities		53,507		37,244
Travel and training		1,184		150
Plant repairs and maintenance		7,162		27,617
Outside repairs and maintenance		1,576		3,854
Fleet maintenance		299		850
Communications		665		696
Maintenance contracts		39,699		40,742
Copier lease		47		43
Vehicle fuel		2,352		2,669
Supplies and materials		3,399		5,726
Chemicals		11,391		10,421

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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Water Treatment Plant:				
<i>Operating expenditures (continued):</i>				
Uniforms	\$	\$ 2,139	\$	\$ 2,533
Contracted services		2,810		2,550
Treated water costs		1,114,991		801,482
Dues and subscriptions		2,850		2,325
Worker's compensation		4,239		7,000
		<u>1,248,528</u>		<u>946,120</u>
Total	<u>1,695,742</u>	<u>1,631,956</u>	<u>63,786</u>	<u>1,300,955</u>
Water System:				
<i>Salaries and benefits:</i>				
Salaries		295,489		270,129
FICA expense		21,301		19,359
Funding for health plan		88,459		86,375
Retirement		37,773		32,901
401K retirement		11,602		10,697
		<u>454,624</u>		<u>419,461</u>
<i>Operating expenditures:</i>				
Travel and training		385		170
Maintenance and repairs:				
Buildings		2,595		1,869
Systems		108,339		109,754
Hydrants		2,674		9,408
Outside		7,096		8,793
Insurance Claims		500		-
Fleet maintenance		3,775		2,516
Communications		2,068		1,799
Copier lease		432		281
Vehicle fuel		7,012		8,723
Supplies and materials		10,493		2,609
Uniforms		2,456		2,612
Contracted services		1,755		1,396
Dues and subscriptions		150		190
Worker's compensation		5,620		4,495
		<u>155,350</u>		<u>154,615</u>
Total	<u>813,078</u>	<u>609,974</u>	<u>203,104</u>	<u>574,076</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
<i>Capital outlay:</i>				
Plant	\$ 54,659	\$ 54,259	\$ 400	\$ 168,243
Building	8,119	8,119	-	-
Other improvements - capital	3,447,621	835,644	2,611,977	740,915
Lease Asset	-	-	-	13,550
Machinery and equipment	548,650	496,572	52,078	5,859
Office furniture & equipment	-	-	-	-
Total	<u>4,059,049</u>	<u>1,394,594</u>	<u>2,664,455</u>	<u>928,567</u>
TOTAL EXPENDITURES	<u>8,182,630</u>	<u>5,140,792</u>	<u>3,041,838</u>	<u>4,235,153</u>
REVENUES OVER (UNDER) EXPENDITURES	(3,799,522)	688,932	4,488,454	949,036
OTHER FINANCING SOURCES (USES)				
Transfer from Wastewater Fund	18,750	18,750	-	18,750
Transfer from Capital Reserve Fund	692,426	692,426	-	946,962
GASB 87 lease financing	-	-	-	13,550
Fund equity appropriations	<u>3,088,346</u>	<u>-</u>	<u>(3,088,346)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>3,799,522</u>	<u>711,176</u>	<u>(3,088,346)</u>	<u>979,262</u>
REVENUES AND OTHER SOURCES (OVER/UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ 1,400,108</u>	<u>\$ 1,400,108</u>	<u>\$ 1,928,298</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP:				
Revenues over (under) expenditures and other financing uses - Water Fund (above)		\$ 1,400,108		\$ 1,928,298
Revenues (under) expenditures - Water Capital Reserve Fund		(144,687)		(351,701)
Principal retirement		2,813		2,813
Capitalized purchases		1,394,594		928,567
Loss on disposal of capital assets		(15,857)		(137,450)
(Increase) in accrued vacation payable		(7,095)		(12,345)
(Increase) Decrease in lease liability		2,679		(11,013)
Increase in deferred outflows-pensions		14,454		186,060
(Increase) Decrease in net pension liability		(84,532)		(500,417)
(Increase) Decrease in deferred inflows-pensions		(2,764)		245,810
Depreciation and amortization		(748,062)		(694,148)
Increase (decrease) in deferred outflows of resources - OPEB		(5,426)		(39,095)
(Increase) decrease in deferred inflows of resources - OPEB		22,062		17,745
(Increase) decrease in accrued OPEB liability		<u>(47,732)</u>		<u>(5,928)</u>
CHANGES IN NET POSITION		<u>\$ 1,780,555</u>		<u>\$ 1,557,196</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, 2024
With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
<u>REVENUES</u>				
Operating revenues:				
System development fees	\$ 324,000	\$ 524,900	\$ 200,900	\$ 567,900
Total operating revenues	<u>324,000</u>	<u>524,900</u>	<u>200,900</u>	<u>567,900</u>
Non-operating revenues:				
Interest Income	-	14,407	14,407	13,962
Change in fair value on investments	-	8,433	8,433	13,398
Net investment earnings (loss)	<u>-</u>	<u>22,840</u>	<u>22,840</u>	<u>27,360</u>
<u>TOTAL REVENUES</u>	<u>324,000</u>	<u>547,740</u>	<u>223,740</u>	<u>595,260</u>
REVENUES OVER EXPENDITURES	324,000	547,740	223,740	595,260
<u>OTHER FINANCING SOURCES (USES)</u>				
Fund Balance - Undesignated	368,426	-	(368,426)	-
Transfer to Water fund	<u>(692,426)</u>	<u>(692,426)</u>	<u>-</u>	<u>(946,962)</u>
<u>TOTAL OTHER FINANCING SOURCES</u>	<u>(324,000)</u>	<u>(692,426)</u>	<u>(368,426)</u>	<u>(946,962)</u>
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>\$ -</u>	<u>\$ (144,686)</u>	<u>\$ (144,686)</u>	<u>\$ (351,702)</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
Wastewater sales	\$	\$ 196,949	\$	\$ 200,994
Late payment penalties		2,011		1,499
Total operating revenues		<u>230,660</u>		<u>202,493</u>
Non-operating revenues:				
Investment earnings		2,982		1,836
Change in fair market value on investments		897		(329)
Total non-operating revenues		<u>-</u>		<u>1,507</u>
TOTAL REVENUES		<u>230,660</u>		<u>204,000</u>
EXPENDITURES				
<i>Operating expenditures:</i>				
Audit		440		850
Telephone		2,399		2,325
Utilities		2,660		1,923
Maintenance and repair - system		25,950		42,325
Contracted services		36,000		37,200
Treated wastewater costs		81,544		79,205
Total operating expenditures		<u>148,993</u>		<u>163,828</u>
Total		<u>212,797</u>		<u>163,828</u>
TOTAL EXPENDITURES		<u>212,797</u>		<u>163,828</u>
REVENUES OVER EXPENDITURES		<u>17,863</u>		<u>40,172</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
<u>OTHER FINANCING (USES)</u>				
Transfer to Water Fund	\$ (18,750)	\$ (18,750)	\$ -	\$ (18,750)
Fund equity appropriations	887	-	(887)	-
<u>TOTAL OTHER FINANCING (USES)</u>	<u>(17,863)</u>	<u>(18,750)</u>	<u>(887)</u>	<u>(18,750)</u>
REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	\$ <u>-</u>	\$ <u>35,096</u>	\$ <u>35,096</u>	\$ <u>21,422</u>
<u>RECONCILIATION OF BUDGETARY BASIS TO GAAP:</u>				
Revenues over expenditures		\$ 35,096		\$ 21,422
Revenues over expenditures - Wastewater Capital Reserve Fund		6,760		5,126
Depreciation		<u>(4,001)</u>		<u>(4,001)</u>
<u>CHANGES IN NET POSITION</u>		\$ <u>37,855</u>		\$ <u>22,547</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, 2024

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
REVENUES				
Operating revenues:				
System development fees	\$ 18,750	\$ 4,662	\$ (14,088)	\$ 4,662
Total operating revenues	18,750	4,662	(14,088)	4,662
Non-operating revenues:				
Interest Income	-	1,541	1,541	876
Change in fair value on investments	-	557	557	(412)
Net investment earnings (loss)	-	2,098	2,098	464
TOTAL REVENUES	18,750	6,760	(11,990)	5,126
EXPENDITURES				
Water system development:				
Extension and replacement	18,750	-	(18,750)	-
Total expenditures	18,750	-	(18,750)	-
REVENUES OVER EXPENDITURES	\$ -	\$ 6,760	\$ 6,760	\$ 5,126

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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, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Adjustments and Releases	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 11,101,433	\$ (11,062,374)	\$ (3,795)	\$ 35,264
2022-2023	25,126	-	(13,378)	(22)	11,726
2021-2022	10,765	-	(3,953)	-	6,812
2020-2021	6,162	-	(2,585)	-	3,577
2019-2020	5,165	-	(1,688)	-	3,477
2018-2019	2,796	-	(850)	-	1,946
2017-2018	2,197	-	(7)	-	2,190
2016-2017	1,125	-	-	-	1,125
2015-2016	1,241	-	(1)	-	1,240
2014-2015	1,272	-	-	-	1,272
2013-2014	4,617	-	-	(4,617)	-
	\$ 60,466	\$ 11,101,433	\$ (11,084,836)	\$ (8,434)	68,629

Reconciliation with revenues:

Ad Valorem taxes - general fund	\$ 11,098,232
Reconciling items:	
Penalties collected	9,539
Interest collected	(22,935)
2013-2014 taxes written off	48
Taxes released	8,386
Subtotal	(4,962)
Total collections, credits, adjustments, & releases	\$ 11,093,270

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
Town-Wide Levy
For the Fiscal Year Ended June 30, 2024

	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	\$ 3,088,718,472	0.3550	\$ 10,951,494	\$ 10,505,619	\$ 445,875
Penalties	-		9,616	9,616	-
Total	<u>3,088,718,472</u>		<u>10,961,110</u>	<u>10,515,235</u>	<u>445,875</u>
Discoveries:					
Current year	40,371,550	0.3550	143,319	143,319	-
Abatements	(1,912,960)	0.3550	(6,791)	(3,795)	(2,996)
Total Property Valuation	<u>\$ 3,127,177,062</u>				
Net levy			<u>11,097,638</u>	<u>10,654,759</u>	<u>442,879</u>
Uncollected taxes at June 30, 2024			(35,264)	(35,264)	-
Current year taxes collected			<u>\$ 11,062,374</u>	<u>\$ 10,619,495</u>	<u>\$ 442,879</u>
Current levy collection percentage			<u>99.68%</u>	<u>99.67%</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, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Adjustments and Releases	Uncollected Balance June 30, 2024
2023-2024 MSD	\$ -	\$ 509,644	\$ (509,424)	\$ (220)	\$ -
2022-2023 MSD	2	-	-	-	2
2021-2022 MSD	-	-	-	-	-
2020-2021 MSD	-	-	-	-	-
2019-2020 MSD	-	-	-	-	-
2018-2019 MSD	-	-	-	-	-
2017-2018 MSD	-	-	-	-	-
2016-2017 MSD	-	-	-	-	-
2015-2016 MSD	-	-	-	-	-
	<u>\$ 2</u>	<u>\$ 509,644</u>	<u>\$ (509,424)</u>	<u>\$ (220)</u>	<u>\$ 2</u>

Reconcilement with revenues:

Ad Valorem taxes - general fund	\$ 510,530
Reconciling items:	
Interest collected	(1,106)
Adjustments	220
Subtotal	<u>(886)</u>
Total collections, credits, adjustments, & releases	<u>\$ 509,644</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
MUNICIPAL SERVICE DISTRICT LEVY
For the Fiscal Year Ended June 30, 2024

	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	\$ 212,240,317	0.2400	\$ 509,375	\$ 507,223	\$ 2,152
Penalties	-		269	269	-
Total	<u>212,240,317</u>		<u>509,644</u>	<u>507,492</u>	<u>2,152</u>
Discoveries:					
Current year	-	0.2400	-	-	-
Abatements	(90,800)	0.2400	(220)	(220)	-
Total Property Valuation	<u>\$ 212,149,517</u>				
Net levy			<u>509,424</u>	<u>507,272</u>	<u>2,152</u>
Uncollected taxes at June 30, 2024				-	-
Current year taxes collected			<u>\$ 509,424</u>	<u>\$ 507,272</u>	<u>\$ 2,152</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	134
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	145
These tables contain information to help the reader assess the Town's most significant local revenue source: property tax.	
Debt Capacity	150
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	153
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	156
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)

	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 15,440,923	\$ 16,330,419	\$ 18,305,271	\$ 22,873,133
Restricted	3,226,059	4,761,304	6,803,628	5,400,659
Unrestricted	<u>5,528,334</u>	<u>6,646,476</u>	<u>6,006,515</u>	<u>4,610,656</u>
Total governmental activities net assets	<u>\$ 24,195,316</u>	<u>\$ 27,738,199</u>	<u>\$ 31,115,414</u>	<u>\$ 32,884,448</u>
Business-type activities				
Net investment in capital assets	\$ 11,512,502	\$ 12,315,193	\$ 12,593,967	\$ 12,468,714
Unrestricted	<u>5,856,966</u>	<u>5,868,509</u>	<u>6,399,233</u>	<u>7,028,749</u>
Total business-type activities net assets	<u>\$ 17,369,468</u>	<u>\$ 18,183,702</u>	<u>\$ 18,993,200</u>	<u>\$ 19,497,463</u>
Primary government				
Net investment in capital assets	\$ 26,953,425	\$ 28,645,612	\$ 30,899,238	\$ 35,341,847
Restricted	3,226,059	4,761,304	6,803,628	5,400,659
Unrestricted	<u>11,385,300</u>	<u>12,514,985</u>	<u>12,405,748</u>	<u>11,639,405</u>
Total primary government activities net position	<u>\$ 41,564,784</u>	<u>\$ 45,921,901</u>	<u>\$ 50,108,614</u>	<u>\$ 52,381,911</u>

TABLE 1

	2019	2020	2021	2022	2023	2024
\$	24,623,812	\$ 24,985,284	\$ 26,206,869	\$ 27,961,849	\$ 31,209,220	\$ 31,703,248
	5,221,050	6,277,666	6,462,727	14,190,930	11,159,372	17,119,806
	4,895,344	2,426,895	3,980,136	1,812,796	5,643,891	2,387,497
\$	<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>	<u>\$ 51,210,551</u>
\$	13,219,145	\$ 14,593,891	\$ 15,516,079	\$ 16,316,188	\$ 16,400,956	\$ 17,033,123
	7,653,992	7,339,325	7,452,471	8,246,309	9,741,284	10,927,527
\$	<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>	<u>\$ 27,960,650</u>
\$	37,842,957	\$ 39,579,175	\$ 41,722,948	\$ 44,278,037	\$ 47,610,176	\$ 48,736,371
	5,221,050	6,277,666	6,462,727	14,190,930	11,159,372	17,119,806
	12,549,336	9,766,220	11,432,607	10,059,105	15,385,175	13,315,024
\$	<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>	<u>\$ 79,171,201</u>

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

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 3,782,202	\$ 4,215,197	\$ 4,295,980	\$ 5,084,613
Public safety	5,025,231	5,367,196	5,563,249	5,750,230
Transportation	1,025,237	1,090,516	1,244,348	1,317,258
Public works	278,640	295,855	353,600	362,927
Environmental protection	1,741,871	1,944,282	2,137,778	2,167,078
Interest on long-term debt	67,364	112,604	196,681	190,857
Total Governmental activities expenses	<u>11,920,545</u>	<u>13,025,650</u>	<u>13,791,636</u>	<u>14,872,963</u>
Business-type activities:				
Water Fund	3,124,575	3,087,792	3,155,456	3,332,754
Wastewater Fund	271,408	268,324	261,108	272,205
Total Business-type activities expenses	<u>3,395,983</u>	<u>3,356,116</u>	<u>3,416,564</u>	<u>3,604,959</u>
Total primary government activities expenses	<u>\$ 15,316,528</u>	<u>\$ 16,381,766</u>	<u>\$ 17,208,200</u>	<u>\$ 18,477,922</u>
Program revenues				
Governmental activities:				
Charges for services				
General government	\$ 319,112	\$ 435,952	\$ 491,739	\$ 467,760
Public safety	8,061	9,736	15,311	16,598
Transportation	-	-	-	-
Environmental protection	36,567	53,850	61,749	43,054
Operating grants and contributions				
General government	48,170	110,109	187,098	21,313
Public safety	15,101	11,211	5,341	9,499
Transportation	-	-	-	-
Environmental protection	-	-	-	-
Capital grants and contributions				
General Government	128,916	351,292	-	659,393
Public safety	-	-	-	-
Transportation	246,011	245,017	243,972	468,872
Total Governmental activities program revenues	<u>801,938</u>	<u>1,217,167</u>	<u>1,005,210</u>	<u>1,686,489</u>
Business-type activities				
Charges for services:				
Water Fund	3,399,553	3,560,155	3,585,800	3,773,336
Wastewater Fund	202,427	194,201	191,944	204,387
Operating grants and contributions				
Water Fund	-	-	-	-
Capital grants and contributions:				
Water Fund	271,000	293,000	422,000	622,000
Wastewater Fund	22,680	6,480	19,440	35,640
Total Business-type activities program revenues	<u>3,895,660</u>	<u>4,053,836</u>	<u>4,219,184</u>	<u>4,635,363</u>
Total primary government activities program revenues	<u>\$ 4,697,598</u>	<u>\$ 5,271,003</u>	<u>\$ 5,224,394</u>	<u>\$ 6,321,852</u>

TABLE 2
Page 1 of 2

	2019	2020	2021	2022	2023	2024
\$	6,487,420	\$ 7,483,506	\$ 7,182,255	\$ 6,855,333	\$ 8,076,522	\$ 8,187,052
	6,020,479	6,398,627	7,043,759	7,309,069	7,901,536	8,475,465
	1,557,859	1,594,774	1,735,100	1,724,607	2,238,118	2,137,991
	345,423	360,238	407,423	431,126	480,620	565,398
	2,372,400	2,438,992	2,738,733	2,878,474	3,063,891	3,211,290
	257,907	315,068	274,957	260,147	301,426	233,927
	<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>	<u>22,811,123</u>
	3,437,230	3,632,777	4,156,206	3,959,977	4,241,003	4,599,802
	265,718	267,655	271,283	162,082	167,829	152,994
	<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>4,752,796</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>	<u>27,563,919</u>
\$	542,280	\$ 370,167	\$ 458,630	\$ 634,411	\$ 460,393	\$ 425,519
	18,084	13,891	15,203	14,835	14,261	13,268
	-	-	-	-	-	-
	59,424	71,453	82,886	92,796	97,902	127,994
	-	-	-	-	-	-
	38,601	60,726	81,629	1,194,528	1,188,204	19,700
	1,394	2,115	33,000	4,384	25,310	6,528
	-	-	-	-	258,458	4,188
	-	-	-	-	-	-
	312,454	226,184	487,686	4,216,149	1,414,001	337,309
	-	-	-	-	218,349	11,060
	<u>606,970</u>	<u>241,387</u>	<u>283,988</u>	<u>275,526</u>	<u>275,549</u>	<u>506,796</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>	<u>1,452,362</u>
	4,003,745	4,711,705	4,940,915	5,815,612	5,630,907	5,795,766
	194,970	191,355	225,457	213,110	207,155	203,622
	-	-	6,369	-	-	-
	579,100	-	319,819	-	-	-
	7,386	-	-	-	-	-
	<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>5,999,388</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>	<u>7,451,750</u>

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA

**CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	2015	2016	2017	2018
Net (Expense)/Revenue				
Governmental activities	\$ (11,118,607)	\$ (11,808,483)	\$ (13,186,474)	\$ (13,186,474)
Business-type activities	499,677	697,720	1,030,404	1,030,404
Total primary government net expense	<u>\$ (10,618,930)</u>	<u>\$ (11,110,763)</u>	<u>\$ (12,156,070)</u>	<u>\$ (12,156,070)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 7,199,585	\$ 8,468,389	\$ 8,545,173	\$ 8,662,987
Sales taxes	1,964,298	2,249,479	2,673,222	2,780,962
Occupancy taxes	2,197,414	2,352,908	2,682,850	2,924,648
Other taxes	558,306	592,072	1,844,516	2,705,427
Grants and contributions not restricted	958,530	1,081,808	1,077,009	1,076,406
Net unrestricted investment earnings (loss)	202,338	241,678	30,562	101,208
Miscellaneous	245,847	354,713	218,861	499,392
Transfers	-	-	-	375,334
Total Governmental activities	<u>13,326,318</u>	<u>15,341,047</u>	<u>17,072,193</u>	<u>19,126,364</u>
Business-type activities				
Unrestricted investment earnings	112,894	116,514	6,880	30,792
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total Business-type activities	<u>112,894</u>	<u>116,514</u>	<u>6,880</u>	<u>30,792</u>
Total primary government	<u>\$ 13,439,212</u>	<u>\$ 15,457,561</u>	<u>\$ 17,079,073</u>	<u>\$ 19,157,156</u>
Change in Net Position				
Governmental activities	\$ 2,207,711	\$ 3,532,564	\$ 3,532,564	\$ 5,939,890
Prior period adjustment - Governmental activities	(700,193)	-	-	(4,170,856)
Business-type activities	612,571	814,234	814,234	1,061,196
Prior period adjustment - Business-type activities	(93,490)	-	-	(556,933)
Total primary government change in net position	<u>\$ 2,026,599</u>	<u>\$ 4,346,798</u>	<u>\$ 4,346,798</u>	<u>\$ 2,273,297</u>

TABLE 2

	2019	2020	2021	2022	2023	2024
\$	(15,462,281)	\$ (17,605,282)	\$ (17,939,205)	\$ (13,026,127)	\$ (18,109,686)	\$ (21,358,761)
	1,082,253	1,002,628	1,065,071	1,906,663	1,429,230	1,246,592
\$	<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>	<u>(20,112,169)</u>
\$	8,859,629	\$ 9,372,751	\$ 10,029,663	\$ 10,161,974	\$ 10,346,426	\$ 11,616,924
	2,742,660	2,764,840	3,615,726	4,086,094	4,227,519	4,327,494
	2,901,475	2,740,880	4,228,903	4,587,045	4,443,839	4,527,503
	724,494	725,152	1,644,312	1,783,869	1,071,734	983,977
	1,099,660	1,080,755	1,033,498	1,087,125	1,134,105	1,183,871
	643,345	406,517	(67,286)	(880,528)	517,168	1,502,678
	346,776	273,568	414,276	(483,609)	415,803	414,382
	-	-	-	-	-	-
	<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>	<u>24,556,829</u>
	293,421	182,118	(29,737)	(312,716)	150,513	571,818
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>293,421</u>	<u>182,118</u>	<u>(29,737)</u>	<u>(312,716)</u>	<u>150,513</u>	<u>571,818</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>	<u>25,128,647</u>
\$	1,855,758	\$ (240,819)	\$ 2,959,887	\$ 7,315,843	\$ 4,046,908	\$ 3,198,068
	-	(809,542)	-	-	-	-
	1,375,674	1,184,746	1,035,334	1,593,947	1,579,743	1,818,410
	-	(124,667)	-	-	-	-
\$	<u>3,231,432</u>	<u>9,718</u>	<u>3,995,221</u>	<u>8,909,790</u>	<u>5,626,651</u>	<u>5,016,478</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund				
Non-Spendable	\$ 124,969	\$ 141,784	\$ 178,190	\$ 147,216
Restricted	3,223,261	4,121,998	5,965,987	5,400,659
Assigned	44,756	159,709	415,248	2,820,363
Unassigned	<u>7,772,394</u>	<u>9,094,063</u>	<u>9,813,121</u>	<u>9,642,299</u>
Total General Fund	<u>\$ 11,165,380</u>	<u>\$ 13,517,554</u>	<u>\$ 16,372,546</u>	<u>\$ 18,010,537</u>
All Other Governmental Funds				
Restricted	\$ 2,798	\$ 639,306	\$ 837,641	\$ 104,402
Assigned	<u>601,583</u>	<u>6,031,270</u>	<u>2,250,918</u>	<u>398,487</u>
Total all other governmental funds	<u>\$ 604,381</u>	<u>\$ 6,670,576</u>	<u>\$ 3,088,559</u>	<u>\$ 502,889</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	162,783	\$ 141,784	\$ 178,972	\$ 204,201	\$ 233,072	\$ 207,786
	5,221,050	4,121,998	6,462,727	10,489,716	10,814,670	16,768,875
	1,178,473	159,709	1,953,126	2,254,309	853,047	2,274,274
	<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>15,461,613</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>	<u><u>34,712,548</u></u>
\$	27,365	\$ 639,306	\$ 53,865	\$ 3,701,214	\$ 344,702	\$ 350,931
	<u>4,812,133</u>	<u>6,031,270</u>	<u>887,481</u>	<u>-</u>	<u>-</u>	<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>	<u><u>350,931</u></u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues				
Ad valorem taxes	\$ 7,202,742	\$ 8,486,724	\$ 8,532,846	\$ 8,662,987
Other taxes and licenses	4,749,641	5,196,512	6,011,675	6,435,741
Unrestricted intergovernmental revenues	958,530	1,081,808	1,077,009	1,076,406
Restricted intergovernmental revenues	438,199	717,628	1,632,377	3,157,710
Permits and fees	289,289	435,792	491,719	467,640
Sales and services	44,828	61,694	70,027	50,990
Net investment earnings	202,338	241,678	30,561	101,209
Other revenues	128,639	184,443	142,370	137,478
Total revenues	<u>14,014,206</u>	<u>16,406,279</u>	<u>17,988,584</u>	<u>20,090,161</u>
Expenditures				
General government	3,851,383	5,587,853	3,502,880	4,291,354
Public safety	5,371,506	5,771,540	5,161,344	5,334,884
Transportation	1,375,385	1,451,655	660,636	658,173
Public works	295,786	302,969	352,005	360,764
Environmental protection	1,615,425	2,733,216	1,829,769	1,780,237
Capital outlay	-	-	6,856,447	7,580,433
Debt service				
Principal	877,883	1,245,343	1,521,823	2,650,038
Interest	69,461	88,330	198,993	190,071
Total expenditures	<u>13,456,829</u>	<u>17,180,906</u>	<u>20,083,897</u>	<u>22,845,954</u>
Excess (deficiency) of revenues over expenditures	557,377	(774,627)	(2,095,313)	(2,755,793)
Other financing sources				
Installment purchase obligations issued	836,788	9,012,406	1,279,031	1,083,447
Lease liabilities issued	-	-	-	-
SBITA liabilities issued	-	-	-	-
Sale of capital assets	77,417	170,270	89,257	174,667
Transfers from other funds	-	-	-	550,000
Total other financing sources	<u>914,205</u>	<u>9,182,676</u>	<u>1,368,288</u>	<u>1,808,114</u>
Net change in fund balances	<u>\$ 1,471,582</u>	<u>\$ 8,408,049</u>	<u>\$ (727,025)</u>	<u>\$ (947,679)</u>
Debt service as a percentage of non-capital expenditures	7.04%	7.76%	13.01%	18.60%

TABLE 4

	2019	2020	2021	2022	2023	2024
\$	8,870,753	\$ 9,351,102	\$ 10,062,733	\$ 10,174,622	\$ 10,347,716	\$ 11,608,762
	6,377,054	6,239,043	9,496,381	10,464,975	9,750,361	9,845,662
	1,099,660	1,080,755	1,033,497	1,087,125	1,134,105	1,183,871
	959,419	530,412	886,304	5,690,586	3,379,871	885,580
	542,200	370,047	458,610	634,371	460,392	425,459
	69,164	77,293	90,668	99,703	104,895	134,634
	643,345	406,517	(67,286)	(880,528)	517,168	1,502,678
	305,191	276,800	223,981	202,401	270,739	301,164
	<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>	<u>25,887,810</u>
	3,904,598	4,497,761	4,076,114	4,470,249	4,916,304	5,418,814
	5,607,014	5,982,023	6,416,720	6,752,789	7,395,116	7,979,974
	804,009	753,513	967,574	956,640	1,373,021	1,132,636
	350,104	354,577	387,546	415,905	462,080	549,896
	1,943,995	1,976,663	2,240,784	2,366,274	2,614,515	2,677,949
	3,345,417	5,456,895	4,077,894	6,618,816	7,416,533	3,990,735
	2,800,976	2,975,336	2,653,540	3,135,937	5,539,308	2,035,766
	177,586	324,954	289,610	272,702	298,080	243,473
	<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>	<u>24,029,243</u>
	(66,913)	(3,989,753)	1,075,106	2,483,943	(4,049,710)	1,858,567
	5,393,437	1,235,727	505,613	5,831,996	2,054,744	2,018,473
	-	-	-	47,860	-	35,189
	-	-	-	-	22,390	77,906
	45,307	26,224	191,218	1,524,446	115,065	113,218
	-	-	-	-	-	-
	<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>2,244,786</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>	<u>\$ 4,103,353</u>
	19.11%	19.57%	8.37%	18.55%	25.83%	11.37%

TABLE 5

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS [1]
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
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%	34,568	7,600,858	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%	33,940	7,821,571	99.97%
2019	8,030,058	7,995,088	99.56%	31,911	8,026,999	99.96%
2020	8,506,598	8,452,932	99.37%	50,191	8,503,123	99.96%
2021 [1]	9,143,441	9,117,489	99.72%	22,377	9,139,866	99.96%
2022	9,273,620	9,248,274	99.73%	18,535	9,266,809	99.93%
2023	9,412,904	9,387,778	99.73%	13,378	9,401,156	99.73%
2024	10,654,759	10,619,495	99.67%	[2]	10,619,495	99.67%

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.

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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	
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
2024	2,886,455,111	74,609,338	128,370,051	37,742,562

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, 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>
\$	2,055,209,750	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	79.11%	3,874,681,305
	3,127,177,062	0.3550	63.20%	4,948,064,972

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]	
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
2024	0.3550	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, 2024			June 30, 2015		
	Taxable Assessed Value	Rank	Percent of Total Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Assessed Valuation
Dominion NC Power	\$ 33,641,779	1	1.12%	\$ 21,785,112	2	1.10%
Outer Banks Beach Club	21,757,200	2	0.73%	24,071,600	1	1.22%
First Flight Hotel, LLC	17,870,500	3	0.60%			
Run Hill Apartments, LLC	17,257,700	4	0.58%			
O. W. L. Neal Partnership (Ramada Inn)	12,076,300	5	0.40%	9,819,100	5	0.50%
Morrison Farm Assoc II, LLP	11,335,000	6	0.38%	8,215,400	7	0.42%
ON Trading Corp	10,337,700	7	0.34%			
Sea Ranch Resort, LLC	9,895,672	8	0.33%	7,480,255	9	0.38%
View, LLC	8,788,376	9	0.29%	16,183,605	3	0.82%
Newman, Brian K	8,666,344	10	0.29%	7,758,596	8	0.39%
Lowe's Home Center				11,348,700	4	0.57%
Wilber Wright Associates, Inc				7,006,890	10	0.35%
Sutton Street Development (Comfort Inn)				8,824,600	6	0.45%
	<u>\$ 151,626,571</u>		<u>5.06%</u>	<u>\$ 122,493,858</u>		<u>6.20%</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		
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	
2024	7,560,462	40,220	51,506	16,877	10,632	7,679,697	

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]

<u>Governmental Activities</u>	<u>Total</u>	<u>Per Capita [2]</u>	<u>Percent of Personal Income [2]</u>
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	*
0.24%	0.25%	978	*

TABLE 10

TOWN OF KILL DEVIL HILLS, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable [1]</u>	<u>Estimated Share of Overlapping Debt</u>
Dare County	\$ 147,205,672	29.24%	\$ 43,043,288
Town of Kill Devil Hills direct debt			7,652,188
Total direct and overlapping debt			<u>\$ 50,695,476</u>

Sources: Assessed value data used to estimate applicable percentages and debt out standing 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.

TABLE 11

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]
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	591,829,700	76,100	5,140	4.0%
2023	7,781	*	*	5,109	4.3%
2024	7,852	*	*	5,022	4.0%

[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, 2024			June 30, 2015		
	Employees [1]	Rank	Percent of Total Town Employment	Employees [1]	Rank [2]	Percent of Total Town Employment
Dare County Board of Education	1000+	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	4	*
Lowes Home Centers, Inc.	100 - 249	5	*	100 - 249	5	*
Target Corporation	100 - 249	6	*	-	-	*
Publix	100 - 249	7	*	-	-	*
Town of Kill Devil Hills	100 - 249	8	*	100 - 249	6	*
Kellogg Supply Company, Inc	100 - 249	9	*	-	-	*
Sun Realty	100 - 249	10	*	50 - 99	7	*

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

[2] Employment data is available in a rank of 1-25 from the North Carolina Employment Security Commission.

* Information unavailable for the Town of Kill Devil Hills

This information was obtained by NCommerce.com. The list reflects county-wide information for businesses in Dare County, that have locations in Kill Devil Hills, NC.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Function/Program</u>			
General government			
Administration	5	6	6
Finance and Tax	6 1/2	6 1/2	6 1/2
Management Information Services	1	1	1
Planning and Development	8	7	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	26 1/2	26 1/2
Year-round	1 1/2	1 1/2	1 1/2
Seasonal Lifeguards	23	25	25
Transportation			
Streets	5	5 3/4	5 3/4
Public Works			
Fleet Maintenance	4 1/2	4 1/2	4 1/2
Enviromental Protectoin			
Solid Waste	11	10 3/4	10 3/4
Water			
Water Administration	6	6	6
Water Treatment Plant	4	4	4
Water System	4	4 1/4	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

2018	2019	2020	2021	2022	2023	2024
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	5 1/4	5 1/4	5 1/4	6 3/4	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	27 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	26	26	26	26	26
5 3/4	5 3/4	5 3/4	5 3/4	6 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	11 3/4	11 3/4	12 1/4	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>2015</u>	<u>2016</u>	<u>2017</u>
Population	7,010	7,137	7,195
Police:			
Crime Activity: Reported			
Murder (includes attempts):	1	2	-
Rape (includes attempts):	9	11	6
Robbery (includes attempts):	3	1	2
Assaults (felonious & misdemeanor):	142	168	198
Burglary(breaking/entering-structures):	138	186	148
Larceny:	228	303	285
Auto Larceny:	9	10	10
Arson/unlawful burnings:	4	1	1
All other crimes (unspecified above):	1,103	772	849
Total Crime:	1,637	1,454	1,499
Traffic Activity:			
Traffic Accidents	401	434	395
Driving while impaired arrests	92	66	69
General traffic violations-citation	1,621	1,172	1,215
General traffic violations-warning	2,197	1,862	1,921
Parking violations-citation issued	109	112	164
Total Traffic	4,420	3,646	3,764
General Calls for Service:			
Police calls-emergency status, non-emergency, traffic control	23,775	20,785	20,025
Animal control calls			
Total General Calls for Service	23,775	20,785	20,025
Total all Police/Animal Control Activity	29,832	25,885	25,288
Fire:			
Number of volunteer firemen	24	19	22
Number of calls answered	1,428	1,350	1,598
Total dollar loss	\$ 391,106	\$ 177,500	\$ 404,317

TABLE 14
Page 1 of 3

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
7,212	7,266	7,378	7,674	7,777	7,781	7,852
-	-	-	-	-	1	-
2	6	4	5	2	3	5
1	2	3	-	2	2	4
147	164	161	171	130	103	80
318	115	71	77	67	100	55
358	268	173	141	145	108	120
16	3	8	14	10	17	3
-	1	1	-	-	-	-
651	763	710	982	918	677	584
1,493	1,322	1,131	1,390	1,274	1,011	851
476	465	403	451	454	475	430
47	58	66	147	131	62	48
986	1,255	895	1,104	819	791	690
2,130	2,030	1,360	2,083	1,151	1,018	809
160	250	213	79	111	80	50
3,799	4,058	2,937	3,864	2,666	2,426	2,027
21,179	19,711	17,379	20,032	19,172	18,878	18,548
21,179	19,711	17,379	20,032	19,172	18,878	18,548
26,471	25,091	21,447	25,286	23,112	22,315	21,426
24	24	25	23	17	17	23
1,591	1,610	1,545	1,723	1,744	1,844	1,883
\$ 220,685	\$ 203,515	\$ 913,500	\$ 3,541,801	\$ 204,950	\$ 1,380,065	\$ 1,237,870

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Planning:			
Building permits:			
One and Two Family Dwellings	60	64	68
Residential multi-family	1	-	1
Government	-	2	-
Non-residential	1	1	3
Additions/remodel	338	375	348
Sign/banners	51	38	37
Electrical	66	49	44
Mechanical	276	294	315
Plumbing	9	27	4
Demolition	13	12	18
Fine	3	4	7
Re-inspection	-	1	1
Re-instatement fee	-	-	-
Number of CAMA permits issued	23	24	28
Number of land disturbance permits issued	1	3	12
Number of occupancy permits issued	49	70	73
Number of site plan reviews	81	107	101
Number of zoning amendments	3	2	4
Number of variance applications	1	2	1
Number of exempt plats issued	4	7	5
Field inspections:			
Number of code compliance	4,602	4,780	5,418
Number of zoning/planning	606	1,503	2,435
Total building permit fees	\$ 228,705	\$ 300,369	\$ 366,152
Total site plan review fees	\$ 15,442	\$ 84,738	\$ 68,757
Total occupancy permit fees	\$ 2,650	\$ 3,600	\$ 3,650
Total CAMA permit fees	\$ 3,700	\$ 3,625	\$ 3,470
Total construction valuation	\$ 28,524,349	\$ 30,600,902	\$ 41,000,479

TABLE 14
Page 2 of 3

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
81	66	65	83	85	69	51
3	5	1	2	3	1	4
7	-	2	-	1	-	-
1	2	-	2	3	6	3
366	372	428	424	436	470	413
40	30	37	31	21	31	30
70	103	102	79	83	97	116
342	317	276	324	324	302	318
11	17	37	10	11	10	11
7	11	14	5	18	8	10
9	6	9	5	2	5	-
1	-	11	8	6	11	11
-	5	14	16	6	45	33
20	22	17	21	34	20	19
12	5	22	18	32	17	16
76	69	78	81	85	88	113
109	113	92	123	133	94	88
3	4	-	2	5	1	4
2	1	1	3	5	-	3
7	5	7	6	7	2	4
4,676	4,106	4,574	4,661	4,577	5,040	4,315
2,177	1,836	1,852	1,654	1,783	1,796	1,736
\$ 417,614	\$ 455,450	\$ 343,149	\$ 356,311	\$ 549,917	\$ 427,223	\$ 358,291
\$ 32,139	\$ 78,714	\$ 16,681	\$ 88,383	\$ 67,082	\$ 21,555	\$ 40,795
\$ 3,800	\$ 3,450	\$ 3,900	\$ 4,000	\$ 4,250	\$ 4,400	\$ 5,600
\$ 2,465	\$ 2,880	\$ 2,210	\$ 2,610	\$ 4,995	\$ 2,635	\$ 2,640
\$ 45,136,707	\$ 51,871,265	\$ 37,486,354	\$ 39,877,177	\$ 69,623,909	\$ 72,903,839	\$ 72,903,839

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Refuse collection:			
Refuse collection (tons)	8,976.00	9,436.00	9,852.00
Water:			
Number of new services	72	60	84
Number of new customers	437	333	363
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	204	203	208
Production (million gallons)	*	*	*
Maximum daily capacity of plant (million gallons)	*	*	*

* Information Unavailable

Source: Budget documents and individual Town departments.

TABLE 14
Page 3 of 3

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
9,693.00	9,665.00	9,615.00	10,958.00	10,684.00	10,423.00	10,182.00
59	74	72	96	127	96	74
333	357	357	519	535	328	288
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
217	219	218	218	221	224	226
*	*	*	*	*	*	*
*	*	*	*	*	*	*

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

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</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	14	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	436	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	79.78	79.72
Fire hydrants	591	624	626
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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</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
59.81	60.17	60.17	60.24	60.6	60.65	60.72
3.18	3.18	3.18	3.15	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	2	2	2	2
1	1	1	1	1	1	1
1	1	1	2	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
10.57	10.83	11.18	11.46	11.96	13.45	13.45
1	1	1	1	1	1	1
80.19	80.58	80.58	80.58	80.96	80.96	80.96
631	635	636	637	647	652	656
1.2	1.2	1.2	1.2	1.2	1.2	1.2
.450	.450	.65	.65	.65	.65	.65
3.13	3.13	3.13	3.13	3.13	3.13	3.13

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COMPLIANCE SECTION



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

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, 2024, 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 12, 2024.

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 12, 2024
Monroe, North Carolina