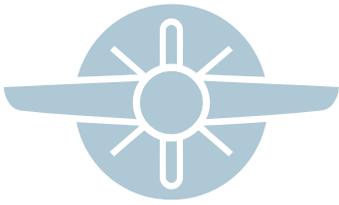


TOWN OF KILL DEVIL HILLS, NC

POPULAR ANNUAL FINANCIAL REPORT



**FOR THE YEAR ENDED
JUNE 30, 2024**



REPORT OVERVIEW

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The Town of Kill Devil Hills Finance Department is proud to present the second edition of our Popular Annual Financial Report (PAFR). This report is designed to provide citizens and other interested parties with a user-friendly overview of the financial results of the Town of Kill Devil Hills for the fiscal year ended June 30, 2024 (FY 2023-24) as reported in the 2024 Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in conformance with generally accepted accounting principles (GAAP). The ACFR was audited by Potter and Company and received an unmodified or “clean” opinion. The Town submits the ACFR to the Government Finance Officers Association annually and has received the Certificate of Achievement for Excellence in Financial Reporting for 36 years.

This report highlights the overall financial condition and trends of the Town, and is not required to present the same level of detail as the ACFR; as a result, it may not fully conform to GAAP. For more information, the ACFR can be reviewed on our website, kdhnc.com.

BOARD OF COMMISSIONERS



Top L-R: Commissioner BJ McAvoy, Commissioner T. Dillon Heikens,
Bottom L-R: Commissioner Terry Gray, Mayor John Windley,
Mayor Pro Tem Ivy Ingram

A five-member Board governs the operations of the Town with a council-manager government. Authority is vested in the Board to adopt the Town's operating budget, establish policy, adopt ordinances, appoint advisory boards and committees, and appoint the Town Manager and Town Attorney.



COMMITTEES

Resident volunteers provide an invaluable service to our community by serving on the Town's boards and committees, advising the Board of Commissioners and Town Staff on a variety of subjects, and offering diverse voices to ensure community access and input. Click on the committee name to the right to learn more or to submit a board/committee application today!



[Community Appearance Commission](#)



[Dangerous Animal Appeal Board](#)



[Historic Landmarks Commission](#)



[Personnel Board](#)



[Planning Board](#)



[Street Improvement and Special Projects Committee](#)

MESSAGE FROM OUR TOWN MANAGER

CITIZENS OF THE TOWN OF KILL DEVIL HILLS:



Thank you for taking an interest in how taxpayer dollars are used to operate Kill Devil Hills' services. The Popular Annual Financial Report (PAFR), is an annual report to provide those with an interest in the Town's financial activities a summary of our financial operations in a concise and user-friendly format. While thorough, it's an abbreviated version of the Town's Annual Comprehensive Financial Report (ACFR) for fiscal data ending June 30, 2024. The PAFR is intended to be a supplement to the ACFR, not a replacement.

It's our hope that the PAFR provides a better understanding of the Town's financial activities and our commitment to fiscal integrity and sound financial management. In addition, our aim with this report is to provide a level of transparency that gives you the utmost confidence in how your Town operates.

The Town prides itself on its comprehensive and quality services, all provided while maintaining a sound financial position. We hope that you find it to be informative and understandable. As you review this PAFR, please feel free to share any questions, concerns, or recommendations you may have with us.

Debora P. Díaz
Town Manager

Core Values

- Citizen participation
- Honesty and integrity
- Unity and teamwork
- Fairness and equity
- Our unique natural environment

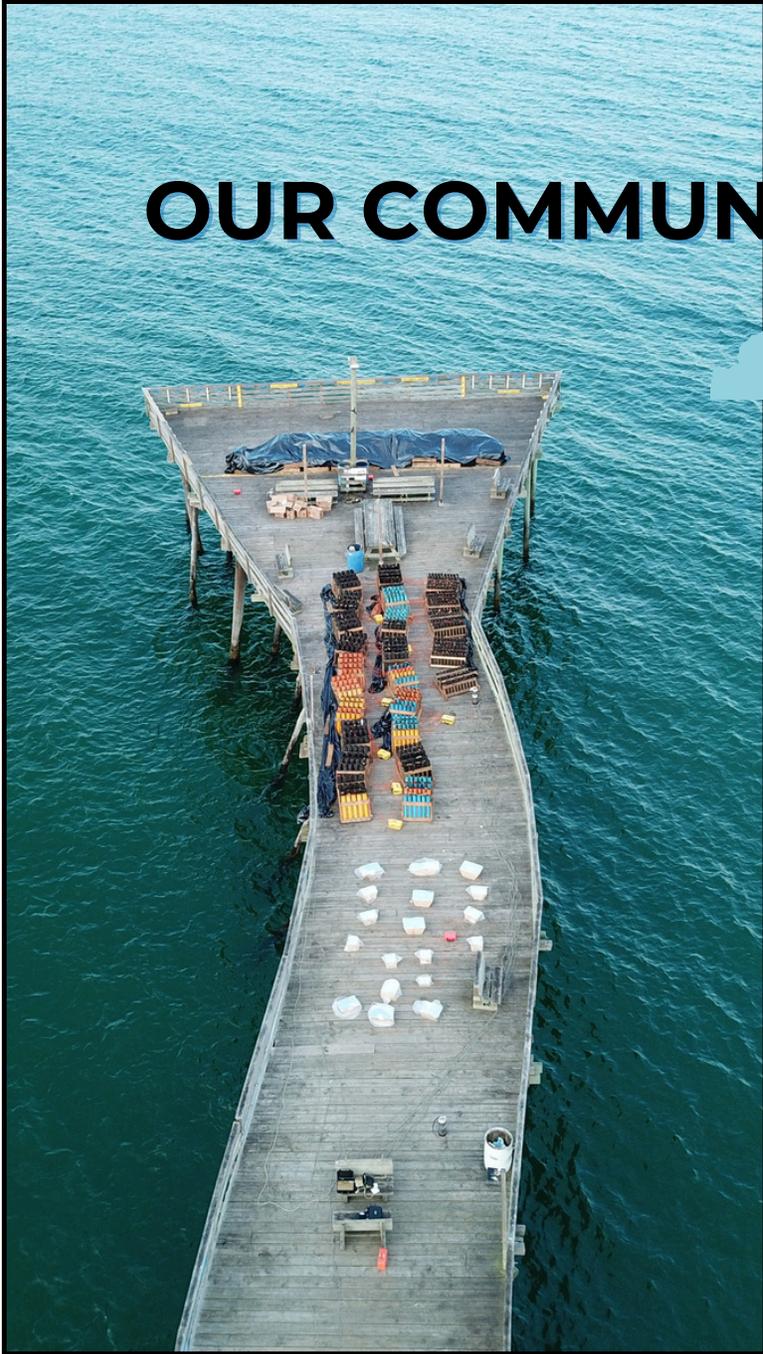
MISSION

The Town of Kill Devil Hills is dedicated to enhancing the quality of life for all citizens, businesses, and property owners by providing the maximum level of service in the most effective and efficient manner while exercising sound fiscal responsibility.

VISION

Our desire is for Kill Devil Hills to be recognized as a wonderful place to live, where our citizens, businesses, and property owners receive high quality services, our employees work in an atmosphere of respect and support and our leadership stimulates cooperation and innovation in our community.

OUR COMMUNITY



The Town of Kill Devil Hills, located on the Outer Banks of eastern North Carolina, received its municipal charter on March 6, 1953. The Town's economy is based on travel, tourism and related service industries. Known for being the location of the first powered flight, Kill Devil Hills is home to the Wright Brothers National Memorial (bottom left). As one of the most desirable destinations in the country, the Town's population grows from 7,852 year-round residents to over 35,000 in the peak summer months. This seasonality brings fluctuations to the unemployment rate with a high of 6.9% in the winter to a low of 2.7% in the summer, for an average of 4.0%.

Property tax values vary throughout the Town with a median value of oceanfront homes of \$900,085 and median value of non-oceanfront homes of \$287,918. Total property tax valuation for the Town is \$3,127,177,062.



KDH BY THE NUMBERS

Positions by department:

(some positions are split between departments)

General Government:

- Administration: 6
- Finance and Tax: 6.5
- Management Information Services: 1
- Planning and Inspections: 7
- Buildings and Grounds: 6.75

Public Safety:

- Police: 33
- Animal Control: 2
- Fire: 20.5
- Ocean Rescue: 27.5 (26 seasonal)

Transportation:

- Streets: 6.75

Public Works:

- Fleet: 4.5

Environmental Protection:

- Solid Waste: 12.25

Water

- Water Administration: 6
- Water Treatment Plant: 4
- Water System: 4.25

Total positions:

- 122 year-round, 26 seasonal



- 58 Building permits issued for new construction
- Total construction valuation for permits issued of \$72,903,839

- 18,548 calls answered by Police and Animal Control
- 1,883 calls answered by the Fire department



- 60.72 miles of paved streets
- 3.15 miles of unpaved streets
- 13.45 miles of bike path

- 627 work orders completed
- \$170,219 of in-shop vehicle repairs



- 10,182 tons of refuse collected
- 14 refuse collection trucks

- 80.96 miles of water mains
- 1.2 million gallons of daily water consumption



Real Property
Valuation:
\$2,886,455,111

Personal
Property
Valuation:
\$202,979,389

Total Tax
Levy:
\$10,654,759

WHAT'S HAPPENING AROUND TOWN



Pegasus, the Town's Centennial Horse, was originally installed in celebration of the 100th anniversary of the Wright Brothers powered flight in 2003. The original paint concept was designed by Manteo High School art students. Pegasus recently underwent a comprehensive restoration, with the paint theme by local artist Cliff Dunn. This partnership resulted in a stunning transformation that features many area landmarks, highlighted in day and night scenes. Heavily damaged by a storm, the horse's wings were repaired and reunited with Pegasus for the first time in over a decade. Once completed, Pegasus was placed in his new home, the newly refurbished courtyard at Town Hall.

LIFE SAVING MEDAL

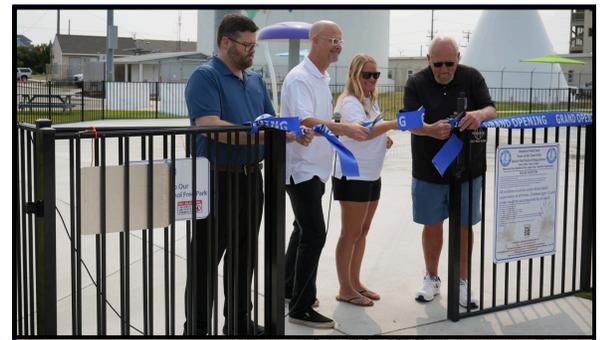
Officers Joey Delmonte and Austin Gray were recognized for their life-saving efforts in the rescue of a child. Both officers acted quickly and entered the water to avoid potential tragedy. This is just one example of the courageous efforts of KDH first responders, who work hard to keep citizens and visitors safe on a daily basis.



JOEY DELMONTE AND AUSTIN GRAY

MEEKINS FIELD GRAND OPENING

On August 3, 2023, the Town hosted a grand opening of the splash pad and improvements to Meekins Field. The event featured a ribbon-cutting by the Mayor and Board of Commissioners.



RIBBON-CUTTING AT THE SPLASH PAD

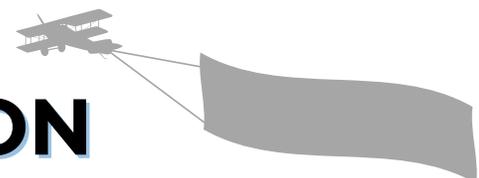
COMMUNITY-WIDE SPECIAL EVENTS



The Town hosts several special events throughout the year to bring the community together (pictured L-R).

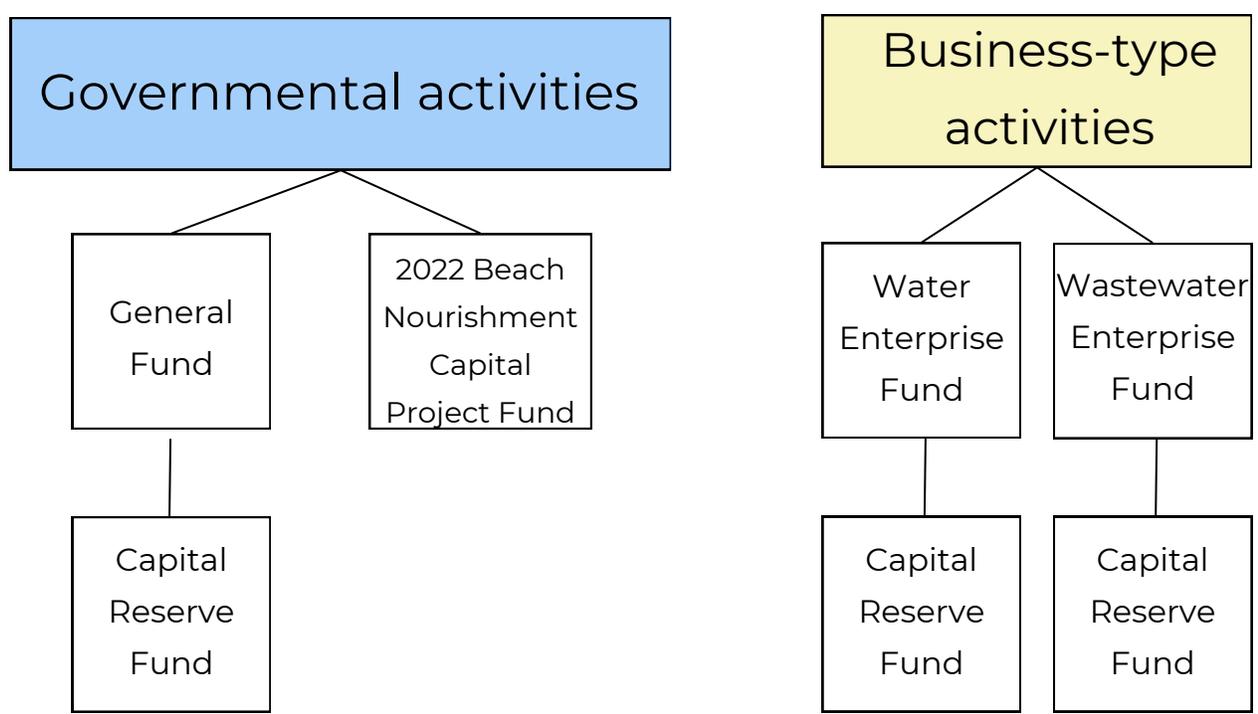
1. **Santa and the Wright Lights Illumination**- a magical night of Christmas lights and a visit by Santa Claus
2. **National Night Out**- an evening of games, great food, and time spent with local first responders
3. **Mary's Paws Park Celebration**- an afternoon for dogs and owners offering ice cream treats and a donation drive for local animal shelters
4. **Trash Attack**- annual community clean-up event
5. **Ice Cream Social**- an evening of food, ice cream and live music by local high school students
6. **July 4th Fireworks**- a beautiful fireworks display
7. **First Flight Markets** - local vendors offering homegrown, homemade, and handmade items





FINANCIAL ORGANIZATION

Local government accounting systems must be organized and operated on a fund basis. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The funds specific to the Town of Kill Devil Hills are outlined below. The Town’s 2022 Beach Nourishment Capital Project Fund is not discussed in detail in this report as activity in this fund was very minimal in FY 2023-24. The Town’s Fiduciary Funds are also not included since they cannot be used to support the activities of the Town.



GOVERNMENTAL	<p>Governmental funds account for most of the basic services provided by a government. They are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions.</p>
BUSINESS-TYPE	<p>Business-type activities account for the Town’s ongoing activities that are similar to businesses found in the private sector. These activities are financed mostly through fees charged to consumers.</p>

TOWN-WIDE FINANCIALS

STATEMENT OF NET POSITION

This document works as the Town’s balance sheet and displays overall financial health over the long and short term.

Assets

Assets are anything that provide value to the town.

Liabilities

Liabilities are current and future obligations that the Town will have to pay.

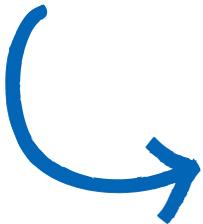
Deferred Resources

Deferred outflows are the use of net assets applicable to future periods.

Deferred inflows are the acquisition of net assets applicable to future periods.

Net Position (NP)

NP is the excess of Assets and Deferred Outflows over Liabilities and Deferred Inflows. It is classified as net investment in capital assets (48,736,371); restricted (17,119,806) and unrestricted (13,315,024).



	Governmental Activities		Business-Like Activities	
	2024	2023	2024	2023
Assets	72,971,974	68,771,211	30,493,756	28,539,699
Deferred Outflows	4,849,293	4,755,610	585,301	576,273
Liabilities	(25,733,360)	(24,406,755)	(3,037,112)	(2,873,139)
Deferred Inflows	(877,356)	(1,107,583)	(81,295)	(100,593)
Total Net Position	51,210,551	48,012,483	27,960,650	26,142,240

TOWN-WIDE FINANCIALS

STATEMENT OF ACTIVITIES

This statement serves as the Town's income statement, providing a summary of amounts received (revenues) and amounts spent (expenses). The difference between revenues and expenses shows the Town's change in net position.



	Governmental Activities		Business-Like Activities	
	2024	2023	2024	2023
Revenues	26,009,191	26,109,021	6,571,206	5,988,575
Expenses	(22,811,123)	(22,062,113)	(4,752,796)	(4,408,832)
Change in Net Position	3,198,068	4,046,908	1,818,410	1,579,743
Beginning Net Position	48,012,483	43,965,575	26,142,240	24,562,497
Ending Net Position	51,210,551	48,012,483	27,960,650	26,142,240

The Town's overall net position increased by \$5,016,478 in FY 2023-24. Governmental activities increased the Town's net position by \$3,198,068, accounting for 63.8% of the total growth in net position of the Town. This increase in governmental activities net position is \$848,841 less than the increase seen in the prior fiscal year. This is due to both a small decrease in revenues of \$99,830 (.4%) and increase in expenses of \$749,010 (3.4%). The decrease in revenues is largely attributable to one-time grant funds that were received in FY 2022-23 and were not applicable to the current year. Business-like activities increased the Town's net position by \$1,818,410, largely due to the 4% increase in water rates. The increase in expenses for both governmental and business-like activities was largely attributable to salary increases and inflation.



GENERAL FUND OVERVIEW

The General Fund is the only type of fund every government is required to maintain. It is the primary operating fund of the Town, accounting for all financial resources except those that are required to be accounted for in another fund. Unlike the Government-wide statements, the governmental fund statements focus on providing information on the near-term inflows, outflows, and balances of spendable resources. The General Fund of the Town of KDH has five primary functions.

01

General government

This encompasses a variety of services including Administration, Finance and Tax, Management Information Services, Planning and Inspections, Buildings and Grounds, and Beach Nourishment.

02

Public Safety

This function consists of those departments that focus on keeping citizens and visitors safe. It includes Police, Animal Control, Fire and Ocean Rescue.

03

Transportation

This function focuses on the construction and maintenance of streets and sidewalks. It includes the services of the Streets Division and funds received through the state's Powell Bill program.

04

Public Works

This function focuses on the maintenance of the vehicles and equipment of the Town. It is comprised of the Fleet Maintenance Division.

05

Environmental Protection

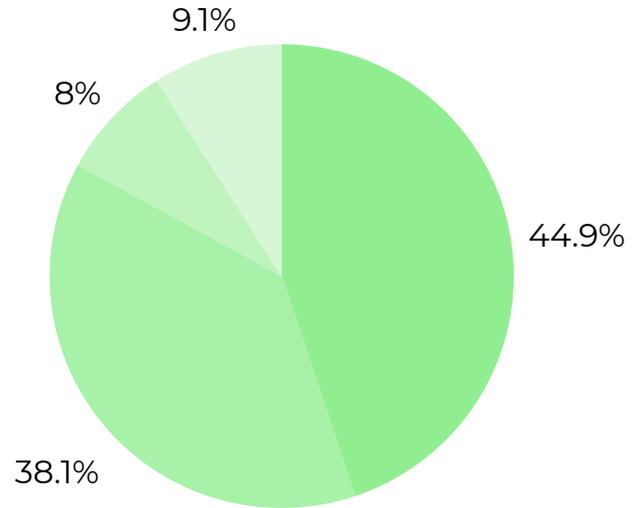
This function is comprised of the Solid Waste Division, which focuses on meeting the refuse collection and disposal needs of the Town.



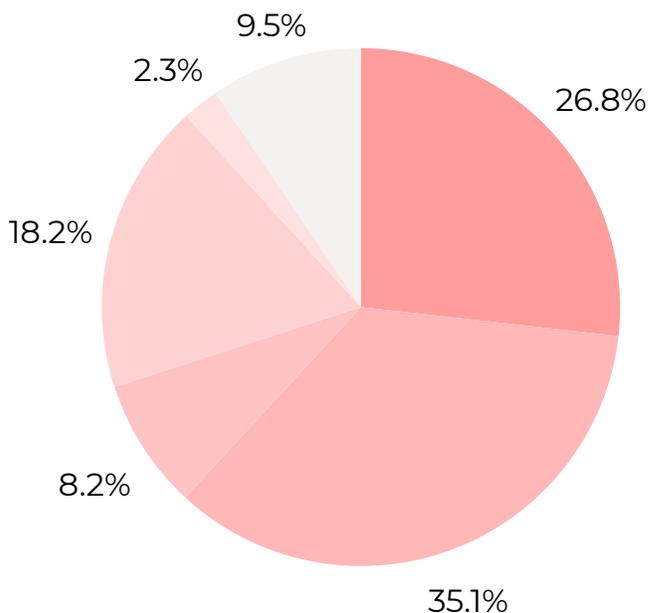
GENERAL FUND: FINANCIAL RESULTS

REVENUES

	2024	2023
Ad valorem taxes	11,608,762	10,347,716
Other taxes/licenses	9,845,662	9,750,361
Intergovernmental	2,066,935	2,828,699
Other	2,345,263	1,234,016
Total	25,866,622	24,160,792



EXPENDITURES

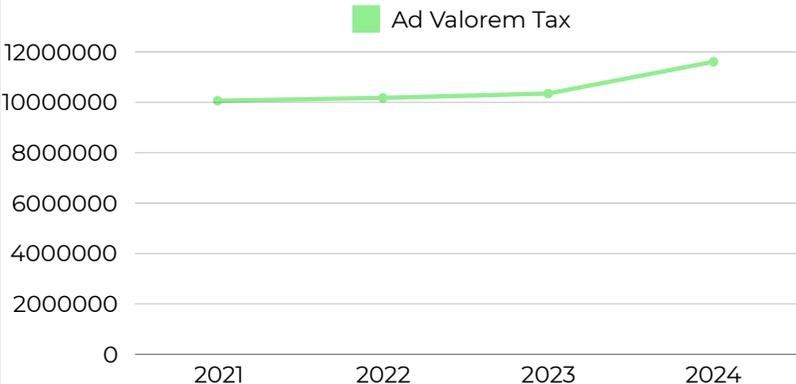


	2024	2023
General	6,431,556	5,931,940
Public Safety	8,421,584	7,876,259
Transportation	1,960,302	3,569,394
Environmental	4,371,707	3,528,653
Public Works	549,896	473,944
Debt Service	2,279,239	5,837,388
Total	24,014,284	27,217,578

GENERAL FUND: TAX REVENUES

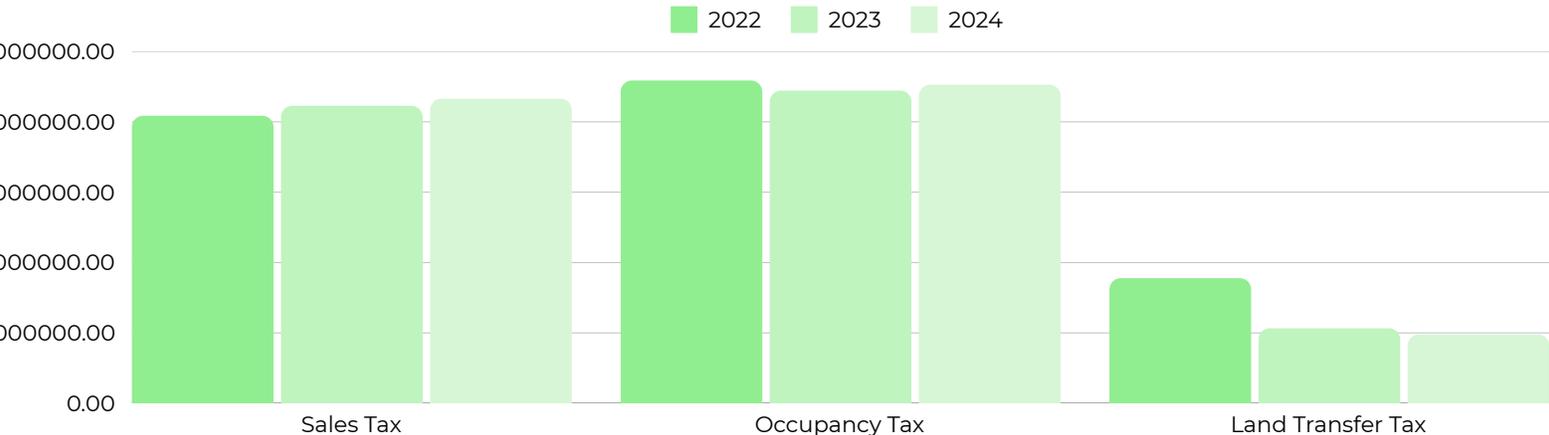
Ad Valorem Taxes

Ad Valorem taxes are calculated based on each \$100 valuation of assessed property. The Town-wide tax rate for FY 2023-24 increased by \$.035 for a total tax rate of \$.355 per \$100 valuation. An additional \$.24 was charged to property owners who live within the Municipal Service District (MSD). The increase in the tax rate and continued development in the Town led to a 12.2% increase in ad valorem tax revenues, from \$10,347,716 in FY 2022-23 to \$11,608,762 in FY 2023-24. Both the tax rate of \$.355 and the MSD tax rate of \$.24 remain the same in FY 2024-25.

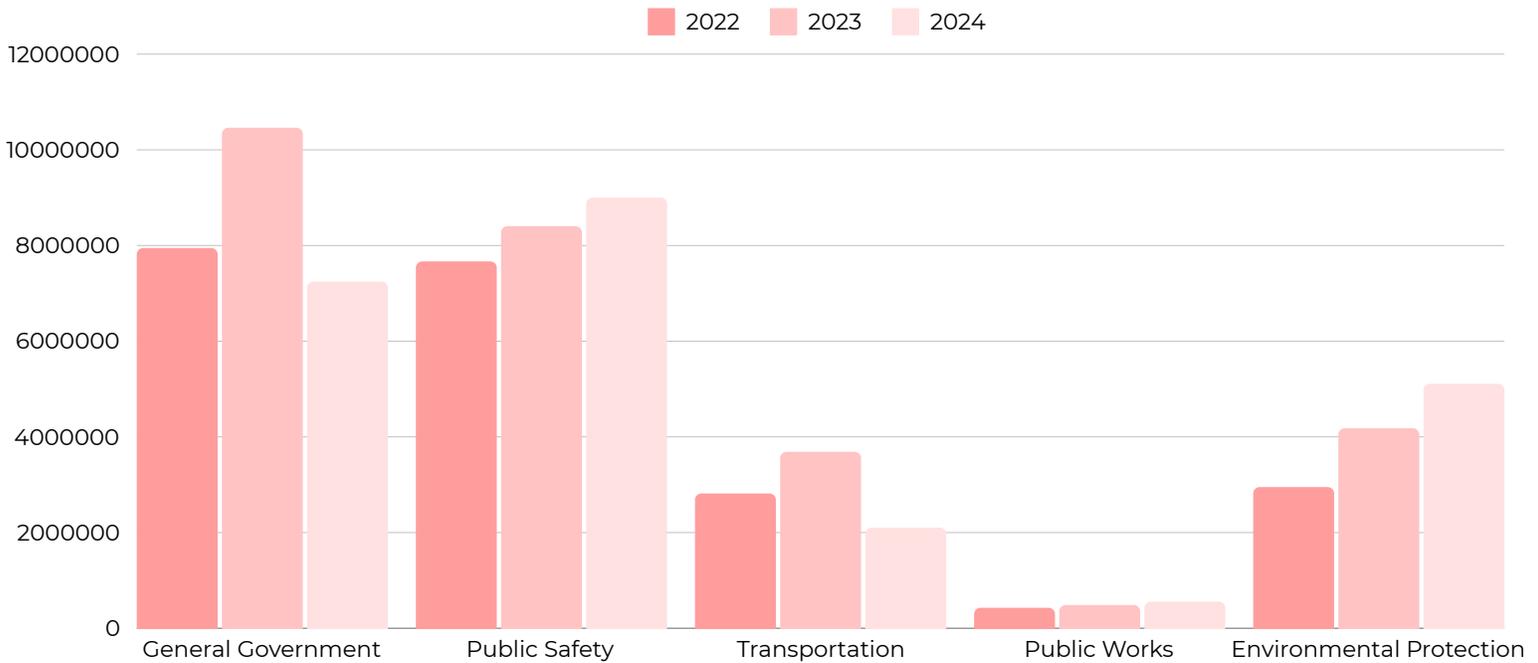


Other Taxes & Licenses

After periods of unprecedented growth in FY 2020-21 and 2021-22, other taxes and licenses stabilized in FY 2023-24 for an increase of only 1%, from \$9,750,361 in FY 2022-23 to \$9,845,662 in FY 2023-24. Sales and occupancy taxes both saw moderate increases of 2.4% and 1.9% respectively. Land transfer taxes decreased 8.2% from FY 2022-23 to FY 2023-24.



GENERAL FUND: EXPENDITURES



Total General Fund expenditures decreased 11.8%, from \$27,217,578 in FY 2022-23 to \$24,014,285 in FY 2023-24. This decrease can be attributed to the one time repayment of the FEMA special obligation bond of \$3,638,169 in FY 2022-23. 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 minimize expenses for the current fiscal year. As a result, the Town did not experience significant increases in the expenditure categories of governmental activities.

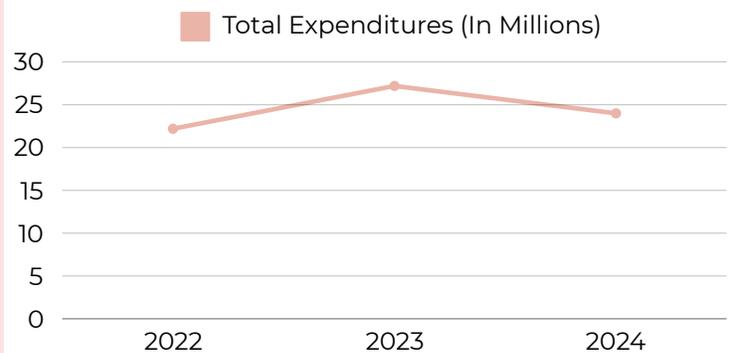
Capital outlay purchases include:

General government: two Town servers, IT software, two Planning dept vehicles, mower, and pickup truck

Public safety: four Police vehicles, portable radio, speed signs, Flock camera system, fingerprint scanner, extrication equipment, thermal imaging camera, and jet ski

Transportation: Excavator, trailer, and dump body

Environmental Protection: Grapple attachment, dump body, roll-off containers, two residential garbage trucks, two commercial garbage trucks, and pickup truck



GENERAL FUND: CAPITAL PROJECTS

MEEKINS FIELD: Completion of this project included new playground equipment, bathroom facility, picnic shelter, parking lot, sidewalks, open play field, upgraded lighting, resurfaced tennis and pickleball courts, landscaping upgrades and the county's first splash pad.



FIRE STATION: Dare County constructed a joint Fire and EMS station to be used by Dare County EMS and KDH Fire. Upon issuance of the certificate of occupancy in August 2024, the Town began a lease for the fire station, which is 49% of the building. The lease has an initial term of 20 years, with the option for three additional ten-year terms. The building was financed with limited obligation bonds.

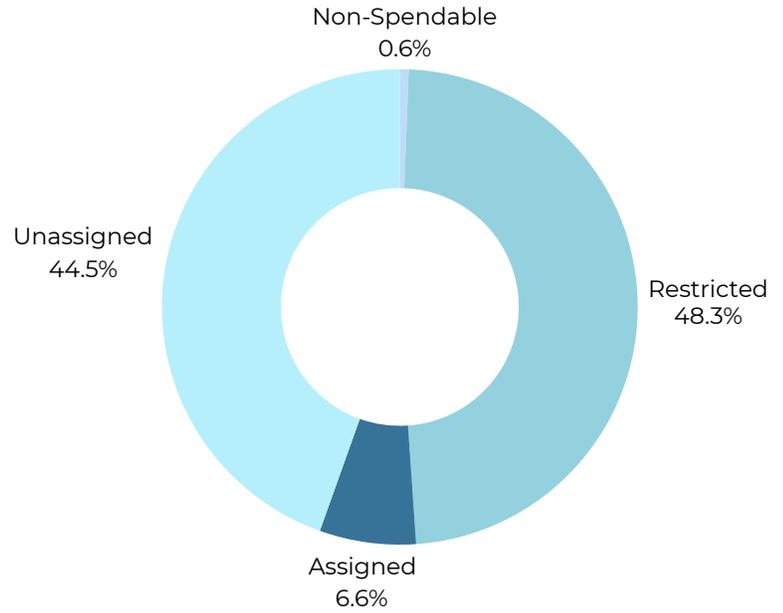
AVIATION PARK: The lights were replaced on the hockey rink. Installation of a new sound system and resurfacing of the hockey rink are scheduled for FY 2024-25.

STREETS: Street and drainage improvements to Apache, Indian, and Seminole Streets were completed. The Wrightsville Blvd project was engineered and bid for completion in FY 2024-25.



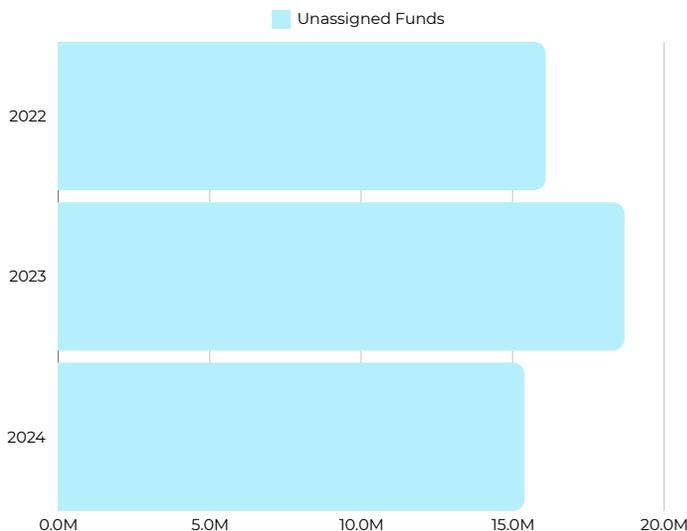
GENERAL FUND: FUND BALANCE

Fund balance is one indicator of the financial health of the Town as it represents the excess of revenues over expenditures in Governmental Funds since the beginning of the Town’s existence. There are five classifications of fund balance based on level of restriction. Any fund balance that has no restrictions placed on it is classified as unassigned and represents the net resources available for spending at the end of the year. Town policy requires unassigned fund balance to be at least 35% of budgeted General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. With budgeted expenditures of \$26,995,389 for FY 2024-25, the Town’s unassigned fund balance of \$15,461,613 as of June 30, 2024, exceeds the policy requirement.



Total General Fund Balance: \$34,712,548

- **Non-Spendable** - Not in spendable form:
 - inventory (\$206,749)
 - prepaid items (\$1,037)
- **Restricted** - Limitations from external forces such as lenders, creditors, and policy makers:
 - State statute (\$8,174,933)
 - Public safety (\$44,442)
 - Streets (\$308,614)
 - Capital reserve (\$8,240,886; see next page)
- **Committed** - Funds committed for a purpose as established by Board resolution (None)
- **Assigned** - Funds for which the Board of Commissioners has an intended use:
 - Subsequent year’s expenditures (\$2,274,274)
- **Unassigned** - Residual classification for all spendable amounts that have not been restricted, assigned or committed (\$15,461,613). Of this amount, \$9,448,386 is required to meet the fund balance policy, leaving \$6,013,227 to meet the needs of the Town.



GENERAL FUND: CAPITAL RESERVES

The Town has legally adopted a capital reserve fund that is consolidated into the General Fund in the financial statements. Capital reserve funds are a way to designate funds for future capital projects. The five purposes for which funds have been set aside are outlined below:



Beach Nourishment

- Created for the purpose of nourishing approximately 2.6 miles of oceanfront beaches through an engineered maintenance schedule
- Balance of \$4,864,346

Shoreline Access

- Created for the purpose of building, maintaining, and improving public beach accesses
- Balance of \$325,404



Recreational Facilities

- Created for the purpose of development of recreational facilities
- Balance of \$179,006

Sidewalks and Multi-Use Paths

- Created for the purpose of construction of sidewalks and multi-use paths
- Balance of \$130,796



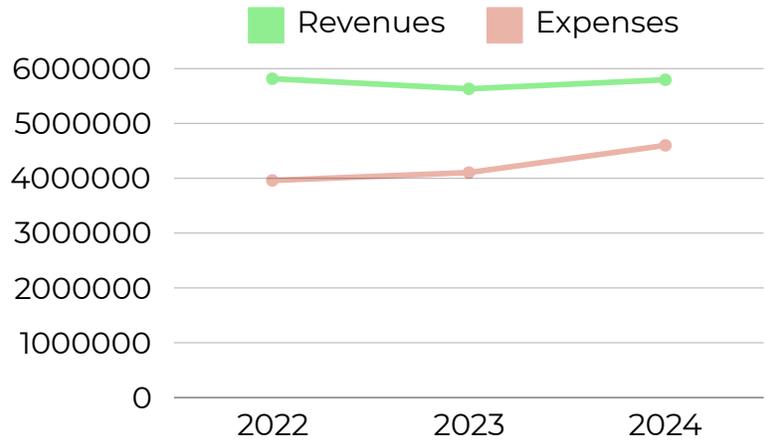
Streets

- Created for the purpose of construction and improvements of streets and storm water systems
- Balance of \$2,741,334

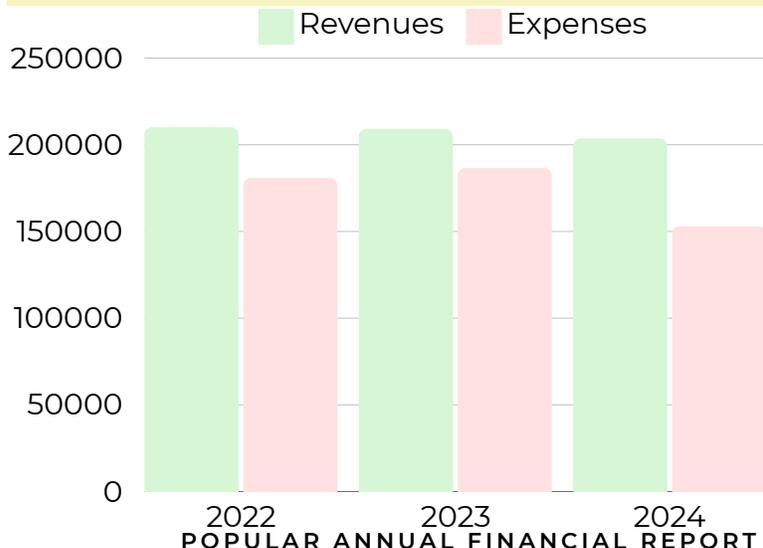
BUSINESS-TYPE ACTIVITIES

WATER

Total Water Fund operating revenues were \$5,795,766 for FY 2023-24, an increase of \$164,859 (2.9%) from the prior year. The majority of this was from service fees (\$5,722,419). Other revenues included penalties and interest (\$43,082) and miscellaneous revenues (\$30,265). Operating expenses totaled \$4,599,802, an increase of \$496,249 (12.1%) over the prior year. This was mostly due to the 7% COLA given to employees, the 5.5% increase to health insurance premiums for active and retired employees, and an increase in treated water costs. Investment earnings (\$581,698), a loss on the disposal of capital assets (\$15,857), and a transfer from the wastewater fund (\$18,750) resulted in an increase to net position of \$1,780,555, for a total net position of \$28,162,099.



WASTEWATER



Operation and maintenance of the wastewater plant, which services the Southern Sanitary District only, has been contracted, resulting in stable revenues (\$203,622) and expenses (\$152,994). The majority of revenues came from wastewater sales (\$201,611). The main expenses were maintenance and repairs (\$25,950), contracted services for operation of the plant (\$36,000), treated wastewater costs (\$81,544), and debt repayment (\$18,750).

PAFR

2024 Popular Annual Financial Report

CONTACT

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