# AGENDA

**TOWN OF NAGS HEAD BOARD OF COMMISSIONERS**
**NAGS HEAD MUNICIPAL COMPLEX - BOARD ROOM**
***WEDNESDAY, January 3, 2024 9:00 A.M.***

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**A. CALL TO ORDER / MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE**

**B. ADOPTION OF AGENDA**

**C. RECOGNITION**

1. Recognition
   NEW EMPLOYEE – Administrative Services – Water Billing Specialist Shannon Beatty – Dec 6, 2023

   RECOGNITION OF FORMER COMR. RENÉE CAHOON

   Documents:

   1 C RECOGNITION SUMMARY.PDF

**D. PUBLIC COMMENT**

**E. CONSENT AGENDA**

1. Consideration Of Budget Amendment #7 To FY 23/24 Budget

   Documents:

   1 E1 BUDGET AMEND TO FY 23-24 SUMMARY.PDF
   1 E1 BUDGET AMEND WORKSHEETS.PDF

2. Consideration Of Tax Adjustment Report

   Documents:

   1 E2 TAX ADJ REPORT SUMMARY.PDF
   1 E2 TAX ADJ TOWN-WIDE REPORT.PDF
   1 E2 TAX ADJ MSD REPORT.PDF

3. Approval Of Minutes

   Documents:

   1 E3 MINUTES SUMMARY.PDF
   1 E3 MINUTES DEC 6 2023 BOC MINS.PDF

4. Consideration Of Resolution
   to accept the American Rescue Plan Act (ARPA) grant offer for the Stormwater Master Plan Update Project

Documents:

1 E4 ARP ACCEPT STORMWATER FUNDS SUMMARY.PDF
1 E4 ARP ACCEPT STORMWATER FUNDS RES.PDF
1 E4 ARP ACCEPT STORMWATER SCOPE APPROVAL PKG.PDF

5. Consideration Of Modification To Pay Plan

Documents:

1 E5 PAY PLAN MODIFICATION SUMMARY.PDF
1 E5 FLEET CAREER PROGRESSION.PDF
1 E5 PROPOSED PUBLIC SERVICES ORG CHART - 2024.PDF
1 E5 PROPOSED PAY SCALE 1.3.24.PDF

6. Consideration Of Annual Audit Contract

Documents:

1 E6 AUDIT CONTRACT SUMMARY.PDF
1 E6 AUDIT CONTRACT.PDF

7. Request For Public Hearing To Consider Special Use/Site Plan
review submitted by Quible & Associates, P.C. and Beacon Architecture and Design PLLC, for the construction
of a Trade Center. The property is zoned C-3, Commercial Services and is located on Lot 2a of the Charles L. Sineath
Subdivision (PIN# 989317113533), vacant lot directly behind TW's Bait and Tackle

Documents:

1 E7 RPH TRADE CENTER SUMMARY.PDF

8. Request For Public Hearing To Consider Various
text amendments to the Unified Development Ordinance (UDO) as it relates to multi-family development

Documents:

1 E8 RPH MULTI-FAMILY SUMMARY.PDF

**F. PUBLIC HEARINGS**

1. Public Hearing To Consider Text Amendments
to the Unified Development Ordinance as it pertains to including the use of "Restaurant, Drive Through" as a
permissible use within Commercial Mixed-Use Developments, as well as amending the supplemental regulations
associated with this use (Public Hearing held Dec 6, 2023)

Documents:

1 F1 PH DRIVE THROUGH SUMMARY.PDF
1 F1 PH NOTICE PN.PDF
1 F1 PH DRIVE THROUGH MEMO.PDF
1 F1 PH DRIVE THROUGH APPENDIX A.PDF

## G. REPORTS AND RECOMMENDATIONS FROM THE PLANNING BOARD AND THE PLANNING AND DEVELOPMENT DIRECTOR

1. Update From Planning Director

Documents:

1 G1 PLANNING DIRECTOR SUMMARY.PDF
1 G1 PLANNING DIRECTORS REPORT.PDF

## H. NEW BUSINESS

1. Presentation From Town Auditors- Via Zoom Platform
   Time Specific 10:30 a.m.

Documents:

1 H1 AUDIT REPORT SUMMARY.PDF
1 H1 AUDIT REPORT.PDF

2. Presentation Of Emergency Operations Plan
   Time Specific 11:00 a.m.

Documents:

1 H2 EOP PRESENTATION SUMMARY.PDF
1 H2 EOP FINAL DOCUMENT.PDF

3. Committee Reports

Documents:

1 H3 COMMITTEE REPORTS SUMMARY.PDF

4. Consideration Of Appointment/Reappointment
   to Boards/Committees
   - Government Education Access Channel Committee
   - Septic Health Advisory Committee
   - Board of Adjustment (B Gentry)
   - Board of Adjustment Alternate
   - Firemen's Relief Fund Board (A Farmer)
   - Annual appointment of BOA Chair and Vice-Chair

Documents:

1 H4 BOARDS-COMMITTEES SUMMARY.PDF
1 H4 ROSTER CURRENT FIREMEN RELIEF FUND.PDF
1 H4 ROSTER-SEPTIC HEALTH ADVISORY.PDF
1 H4 ROSTER CURRENT - BOA.PDF

1 H4 ROSTER CANDIDATES - BOA.PDF

I. **ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN ATTORNEY**

J. **ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN MANAGER**

1. Update On Public Services Facility

Documents:

1 J1 TM PUBLIC SVCS FAC UPDATE SUMMARY.PDF

K. **BOARD OF COMMISSIONERS AGENDA**

L. **MAYOR'S AGENDA**

M. **CLOSED SESSIONS**

N. **OTHER BUSINESS**

O. **ADJOURNMENT**

# Agenda Item Summary Sheet

Item No: **C**
Meeting Date: **January 3, 2024**

**Item Title**: Recognition

**Item Summary**:

Recognition at the January 3rd Board meeting includes the following:

NEW EMPLOYEE – Administrative Services – Water Billing Specialist Shannon Beatty – Dec 6, 2023

RECOGNITION OF FORMER COMR. RENÉE CAHOON

Number of Attachments: 0

**Specific Action Requested**:
Provided for Board recognition.

Submitted By: Administration Date: December 22, 2023

**Finance Officer Comment**:
N/A

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:
N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation:**

Congratulations!

Signature: Andy Garman Date: December 22, 2023

# Agenda Item Summary Sheet

Item No: **E-1**
Meeting Date: **January 3, 2024**

**Item Title**: Consideration of Budget Amendment #7 to FY 23/24 Budget

**Item Summary**:

Attached please find Budget Amendment #7 to the FY 23/24 Budget which is provided for Board review and approval at the January 3rd Board of Commissioners meeting. Budget Amendment #7 is in accordance with the FY 23/24 Budget Ordinance, adopted at the June 21, 2023 meeting.

Number of Attachments: 1

**Specific Action Requested**:

Request Board approval of attached Budget Amendment #7.

Submitted By: Administrative Services Date: December 22, 2023

**Finance Officer Comment**:

Request Board approval of attached Budget Amendment #7.

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

I concur with staff's request.

Signature: Andy Garman Date: December 22, 2023

TOWN OF NAGS HEAD

**BUDGET AMENDMENT REQUEST**
**FY 2023-2024**

**BUDGET AMENDMENT NO. 7**
**Amendment 7.1**

| SOURCE OF FUNDS | | | | USE OF FUNDS | | |
|---|---|---|---|---|---|---|
| CODE | ACCOUNT | AMOUNT | | CODE | ACCOUNT | AMOUNT |
| | **General Fund Revenues** | | | | **General Fund Expenditures - Police** | |
| 10-498300 | Other Financing Sources | 70,796.00 | | 610-577406 | Capital Assets-Intangibles | 34,796.00 |
| | | | | 610-578100 | Debt Service-Principal | 35,878.00 |
| | | | | 610-578200 | Debt Service-Interest | 122.00 |
| TOTAL CHARGES | | $ 70,796.00 | | TOTAL CREDITS | | $ 70,796.00 |

**JUSTIFICATION**

Per GASB 96 new Flock LPR system is a subscription asset. The second year of the subscription agreement must be recorded as an asset and a debt payment for the current year subscription agreement must be broken out between principal and interest (calculations per DebtBook). The revenue is the total of the subscription agreement for the 2 years the contract spans, less implementation costs and interest.

ADMINISTRATIVE SERVICES 12/21/2023
RECOMMENDED BY DATE

APPROVED BY BOC: DATE

POSTED TO GENERAL LEDGER:

INITIALS

TOWN OF NAGS HEAD

**BUDGET AMENDMENT REQUEST**
**FY 2023-2024**

**BUDGET AMENDMENT NO. 7**
**Amendment 7.2**

| SOURCE OF FUNDS | | | | USE OF FUNDS | | |
|---|---|---|---|---|---|---|
| CODE | ACCOUNT | AMOUNT | | CODE | ACCOUNT | AMOUNT |
| | **General Fund Revenues** | | | | **General Fund Expenditures** | |
| 10-499000 | Appropriated fund balance | 1,378,672.00 | | 900-590093 | Transfer to CIF | 1,378,672.00 |
| | **Capital Investment Fund (CIF) Revenues** | | | | **Capital Investment Fund (CIF) Expenditures** | |
| 11-492000 | Transfer from the General Fund | 1,378,672.00 | | 911-590087 | Appropriated fund balance | 1,378,672.00 |
| TOTAL CHARGES | | $ 1,378,672.00 | | TOTAL CREDITS | | $ 1,378,672.00 |

**JUSTIFICATION**

Per Fund Balance policy, transfer excess fund balance to the CIF per 6/30/23 audited financials.

ADMINISTRATIVE SERVICES 12/21/2023
RECOMMENDED BY DATE

APPROVED BY BOC: DATE

POSTED TO GENERAL LEDGER:

INITIALS

TOWN OF NAGS HEAD

**BUDGET AMENDMENT REQUEST**
**FY 2023-2024**

**BUDGET AMENDMENT NO. 7**
**Amendment 7.3**

| SOURCE OF FUNDS | | | | USE OF FUNDS | | |
|---|---|---|---|---|---|---|
| CODE | ACCOUNT | AMOUNT | | CODE | ACCOUNT | AMOUNT |
| | **General Fund Revenues** | | | | **General Fund Expenditures - Admin. Services** | |
| 10-430600 | NCLM wellness grant | 2,170.00 | | 440-521300 | Employee wellness | 2,170.00 |
| TOTAL CHARGES | | $ 2,170.00 | | TOTAL CREDITS | | $ 2,170.00 |

**JUSTIFICATION**

Received NC League of Municipalities (NCLM) wellness grant.

ADMINISTRATIVE SERVICES 12/21/2023
RECOMMENDED BY DATE

APPROVED BY BOC: DATE

POSTED TO GENERAL LEDGER:

INITIALS

TOWN OF NAGS HEAD

**BUDGET AMENDMENT REQUEST**
**FY 2023-2024**

**BUDGET AMENDMENT NO. 7**
**Amendment 7.4**

| SOURCE OF FUNDS | | | | USE OF FUNDS | | |
|---|---|---|---|---|---|---|
| CODE | ACCOUNT | AMOUNT | | CODE | ACCOUNT | AMOUNT |
| | **General Fund Revenues** | | | | **General Fund Expenditures - Facilities Maintenance** | |
| 10-492111 | Transfer from CIF | 28,000.00 | | 530-543503 | Maint/Repair buildings-CIF | 28,000.00 |
| | **Capital Investment Fund (CIF) Revenues** | | | | **Capital Investment Fund (CIF) Expenditures** | |
| 11-499000 | Appropriated fund balance | 28,000.00 | | 911-590081 | Transfer to General Fund | 28,000.00 |
| TOTAL CHARGES | | $ 28,000.00 | | TOTAL CREDITS | | $ 28,000.00 |

**JUSTIFICATION**

Conference room table and chairs (Board of Commissioners building).
Town Hall conference room table and guest chairs.

ADMINISTRATIVE SERVICES 12/21/2023
RECOMMENDED BY DATE

APPROVED BY BOC: DATE

POSTED TO GENERAL LEDGER:

INITIALS

TOWN OF NAGS HEAD

**BUDGET AMENDMENT REQUEST**
**FY 2023-2024**

**BUDGET AMENDMENT NO. 7**
**Amendment 7.5**

| SOURCE OF FUNDS | | | | USE OF FUNDS | | |
|---|---|---|---|---|---|---|
| CODE | ACCOUNT | AMOUNT | | CODE | ACCOUNT | AMOUNT |
| | **General Fund Expenditures** | | | | **General Fund Expenditures - Fleet Maintenance** | |
| 900-599900 | Manager's contingency | 7,300.00 | | 555-510200 | Salaries | 5,700.00 |
| | | | | 555-520600 | FICA | 500.00 |
| | | | | 555-520800 | Retirement | 800.00 |
| | | | | 555-521000 | 401k | 300.00 |
| TOTAL CHARGES | | $ 7,300.00 | | TOTAL CREDITS | | $ 7,300.00 |

**JUSTIFICATION**

New Fleet Maintenance pay plan/career progression.

ADMINISTRATIVE SERVICES 12/21/2023
RECOMMENDED BY DATE

APPROVED BY BOC: DATE

POSTED TO GENERAL LEDGER:

INITIALS

# Agenda Item Summary Sheet

Item No: **E-2**
Meeting Date: **January 3, 2024**

**Item Title**: Consideration of Tax Adjustment Reports

**Item Summary**:

Attached please find the list of adjustments to the 2023 Tax Levy (per information received from Dare County) for the monthly Property and MSD valuations.

These reports are submitted for your approval at the January 3rd Board of Commissioners meeting.

Number of Attachments: 2

**Specific Action Requested**:

Tax reports provided for Board review and approval.

Submitted By: Linda Bittner, Tax Collector Date: December 22, 2023

**Finance Officer Comment**:

No unbudgeted fiscal impact.

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

For your review and approval.

Signature: Andy Garman Date: December 22, 2023

**Town of Nags Head, North Carolina**
**ANALYSIS OF CURRENT 2022-2023 TOWN WIDE TAX LEVY**
**2023 Tax Levy As of December 28, 2023 for the January 3, 2024 BOC Mtg**

| | Town-Wide Tax | | | Total Levy | |
|---|---|---|---|---|---|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| **Original levy:** | | | | | |
| Property taxed at current 2023 rate | 3,057,530,927 | 0.003300 | 10,089,869.38 | 10,089,869.38 | |
| Registered Motor Vehicles at current 2023 rate | 14,129,553 | 0.003300 | 46,609.97 | | 46,609.97 |
| Registered Motor Vehicles at 2022 year's rate | 12,561,098 | 0.002875 | 36,113.16 | | 36,113.16 |
| Registered Motor Vehicles at 2021 year's rate | 83,558 | 0.002875 | 240.23 | | 240.23 |
| Penalties | 0 | | 7,355.82 | 7,355.82 | |
| **Total** | **3,084,305,136** | | **10,180,188.56** | **10,097,225.20** | **82,963.36** |
| **Discoveries & Adjustments:** | | | | | |
| Current year discoveries & adjustments tax | 8,221 | | 25.07 | 25.07 | |
| Town wide beach nourishment tax | | | 2.06 | 2.06 | |
| Corporate Utilities discoveries & tax | 22,654,828 | | 69,097.22 | 69,097.22 | |
| Corporate Utilities town wide beach nourishment | | | 5,663.71 | 5,663.71 | |
| Penalty Discoveries | | | 0.00 | 0.00 | |
| **Total** | **22,663,049.00** | | **74,788.06** | **74,788.06** | |
| **Releases & Adjustments:** | | | | | |
| Current year releases/adjustments/circuit breaker | (747,332) | | (3,501.34) | (3,102.86) | (398.48) |
| Town wide beach nourishment/circuit breaker | | | (254.43) | (254.43) | |
| Penalty Releases | | | (16.14) | (16.14) | |
| **Total** | **(747,332)** | | **(3,771.91)** | **(3,373.43)** | **(398.48)** |
| **Write-offs (under $1.00) or Adjustments:** | | | 0.00 | 0.00 | |
| **Total Property Valuation** | **3,106,220,853** | | | | |
| **Net levy** | | **10,251,204.71** | | **10,168,639.83** | **82,564.88** |
| Uncollected Taxes & Penalties | | (1,351,577.56) | | (1,351,577.56) | 0.00 |
| Uncollected Town Wide Beach Nourishment | | (110,582.03) | | (110,582.03) | 0.00 |
| **TOTAL UNCOLLECTED TAXES AS OF 12/28/23:** | | **(1,462,159.59)** | | **(1,462,159.59)** | **0.00** |
| **CURRENT YEAR TAXES COLLECTED:** | | **8,789,045.12** | | **8,706,480.24** | **82,564.88** |
| **CURRENT LEVY COLLECTION PERCENTAGE:** | | **85.737%** | | **85.621%** | **100.000%** |

**Town of Nags Head, North Carolina**
**ANALYSIS OF CURRENT 2022-2023 MSD TAX LEVY**
**2023 Tax Levy As of December 28, 2023 for the January 3, 2024 BOC Mtg**

| | BEACH NOURISHMENT DISTRICT | | | | | |
|---|---|---|---|---|---|---|
| | MSD Valuation | Rate | Total Levy | MSD Excluding Registered Motor Vehicles | Registered Motor Vehicles | |
| **Original MSD Levy:** | | | | | | |
| MSD Beach Nourishment at Current 2023 Dist 1 Rate | 578,093,598 | 0.00143 | 826,674.06 | 826,674.06 | | |
| MSD Beach Nourishment at current 2023 Dist 2 Rate | 473,945,007 | 0.00143 | 677,741.67 | 677,741.67 | | |
| MSD Beach Nourishment at Current 2023 Dist 3 Rate | 1,053,729,707 | 0.00005 | 52,687.93 | 52,687.93 | | |
| MSD Beach Nourishment at Current 2023 Dist 4 Rate | 665,352,580 | 0.00010 | 66,535.07 | 66,535.07 | | |
| MSD Beach Nourishment at Current 2023 Dist 6 Rate | 374,308,126 | 0.00005 | 18,716.25 | 18,716.25 | | |
| Registered Motor Vehicles at Current 2023 Dist 1 Rate | 335,694 | 0.00143 | 480.05 | | 480.05 | |
| Registered Motor Vehicles at Current 2023 Dist 2 Rate | 645,881 | 0.00143 | 923.61 | | 923.61 | |
| Registered Motor Vehicles at Current 2023 Dist 3 Rate | 1,962,739 | 0.00005 | 98.13 | | 98.13 | |
| Registered Motor Vehicles at Current 2023 Dist 4 Rate | 1,551,604 | 0.00010 | 155.17 | | 155.17 | |
| Registered Motor Vehicles at Current 2023 Dist 5 Rate | 137,338 | 0.00000 | 0.00 | | 0.00 | |
| Registered Motor Vehicles at Current 2023 Dist 6 Rate | 1,195,991 | 0.00005 | 56.71 | | 56.71 | |
| Registered Motor Vehicles at 2022 Dist 1 Rate | 272,667 | 0.00143 | 389.90 | | 389.90 | |
| Registered Motor Vehicles at 2022 Dist 2 Rate | 340,787 | 0.00143 | 487.34 | | 487.34 | |
| Registered Motor Vehicles at 2022 Dist 3 Rate | 1,281,022 | 0.00005 | 64.08 | | 64.08 | |
| Registered Motor Vehicles at 2022 Dist 4 Rate | 885,425 | 0.00010 | 88.59 | | 88.59 | |
| Registered Motor Vehicles at 2022 Dist 5 Rate | 59,870 | 0.00000 | 0.00 | | 0.00 | |
| Registered Motor Vehicles at 2022 Dist 6 Rate | 1,123,391 | 0.00005 | 56.24 | | 56.24 | |
| Registered Motor Vehicles at 2021 rate | 22,000 | 0.00143 | 5.28 | | 5.28 | |
| Penalties | | | 0.00 | | | |
| **Total** | **3,155,243,428** | | **1,645,160.08** | **1,642,354.98** | **2,805.10** | |
| **Discoveries & Adjustments:** | | | | | | |
| Current year discoveries & adjustments | 8,221 | | 0.98 | 0.98 | | |
| **Total** | **8,221** | | **0.98** | **0.98** | | |
| **Releases & Adjustments:** | | | | | | |
| DMV Current year valuation adjustments | 0 | | 0.00 | 0.00 | 0.00 | |
| DMV Current year tax releases | 0 | | (0.12) | 0.00 | (0.12) | |
| Real/Personal Current year releases & adjustments and circuit breakers | 0 | | (6.14) | (6.14) | | District 3/6 |
| **Total** | **0** | | **(6.26)** | **(6.14)** | **(0.12)** | |
| **Write-offs (under $1.00) or Adjustments:** | | | 0.00 | 0.00 | | |
| **Total MSD Valuation** | **3,155,251,649** | | | | | |
| **Net levy** | | **1,645,154.80** | | **1,642,349.82** | **2,804.98** | |
| **TOTAL UNCOLLECTED MSD AS OF 12/28/23:** | | **(258,392.30)** | | **(258,392.30)** | **0.00** | |
| **CURRENT YEAR MSD COLLECTED:** | | **1,386,762.50** | | **1,383,957.52** | **2,804.98** | |
| **CURRENT MSD COLLECTION PERCENTAGE:** | | **84.294%** | | **84.267%** | **100.000%** | |

# Agenda Item Summary Sheet

Item No: **E-3**
Meeting Date: **January 3, 2024**

**Item Title**: Approval of minutes from Board of Commissioners meetings/workshops

**Item Summary**:

Attached for Board review and approval are the following DRAFT Board of Commissioners meeting/workshop minutes:

December 6, 2023 Regular Board of Commissioners meeting

Number of Attachments: 1

**Specific Action Requested**:

Provided for Board review and approval.

Submitted By: Carolyn F. Morris, Town Clerk Date: December 22, 2023

**Finance Officer Comment**:

No unbudgeted costs associated with this agenda item.

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

N/A

Signature: Andy Garman Date: December 22, 2023

*DRAFT* **MINUTES**
**TOWN OF NAGS HEAD**
**BOARD OF COMMISSIONERS**
**REGULAR MEETING**
**WEDNESDAY, DECEMBER 6, 2023**

The Nags Head Board of Commissioners met in person at the Board Room located at 5401 S Croatan Highway, Nags Head, North Carolina on Wednesday, December 6, 2023 at 9:00 a.m. for a Regular Meeting.

Board members Present: Mayor Ben Cahoon; Mayor Pro Tem Michael Siers; Comr. Kevin Brinkley; Comr. Bob Sanders; and Comr-Elect Megan Lambert

Board members Absent: Comr. Renée Cahoon

Others present: Town Manager Andy Garman; Attorney John Leidy; Kelly Wyatt; Amy Miller; David Ryan; Perry Hale; Randy Wells; Nancy Carawan; Joe Costello; Michelle Gray; Brittany Phillips; Roberta Thuman; Taylor Midgett; Alan Beatty; Shannon Beatty; Trever Tilley; Bob Muller; Susie Walters; Brian Rubino; and Town Clerk Carolyn F. Morris

**CALL TO ORDER**
Mayor Cahoon called the meeting to order at 9 a.m. A moment of silence was followed by the Pledge of Allegiance. Mayor Cahoon welcomed former mayor, Bob Muller, former commissioner, Susie Walters, and Comr-Elect Megan Lambert in the audience.

**ADOPTION OF AGENDA**
MOTION: Comr. Brinkley made a motion to approve the agenda as presented. The motion was seconded by Mayor Pro Tem Siers which passed 4 – 0 (Comr. Renée Cahoon was not present.).

**RECOGNITION**
Public Services Director Nancy Carawan introduced Facilities Maintenance Technician Taylor Midgett who was welcomed by the Board to Town employment.

Public Services Director Nancy Carawan introduced Water Distribution Technician Alan Beatty who was recognized by the Board for five years of service.

Fire Chief Randy Wells introduced Fire Lieutenant Trever Tilley who was recognized by the Board for five years of service.

RETIREMENT – Town Clerk Carolyn F Morris introduced Dep Town Clerk Michelle Gray who was recognized and congratulated by the Board on her upcoming retirement after over 27 years of service to the Town.

**REORGANIZATION OF THE BOARD**

Report on Results of Election
Oaths of Office
BREAK
Selection of Mayor Pro Tem and Oath of Office

Town Clerk Carolyn F Morris summarized the results of the election from the summary sheet which read in part as follows:

"At the December 6th Board of Commissioners meeting, the following procedure will be followed to reorganize the Board after the recent election:

'Town Clerk Carolyn F. Morris will report on the results of the November 7, 2023 election. Official election results from the Dare County Board of Elections office are attached.

| 'Candidate | Votes |
|---|---|
| Megan Lambert | 705 |
| Kevin Brinkley | 585 |
| T-Mike Morrison | 241 |
| Keith Sawyer | 111 |
| Write-In (Miscellaneous) | 7 |

'Oaths of office given to Comr. Kevin Brinkley and Comr.-Elect Megan Lambert

'BREAK (to allow for seating changes)

'The Board will vote on the Mayor Pro Tem

'Oath of office given to the Mayor Pro Tem"

Megan Lambert was sworn in as Commissioner by Town Clerk Carolyn Morris.

Kevin Brinkley was sworn in as Commissioner by Town Clerk Carolyn Morris.

After a break for a photo opportunity, Comr. Lambert was seated at the council dais.

MOTION: Comr. Brinkley made a motion to nominate Mike Siers as Mayor Pro Tem. The motion was seconded by Comr. Sanders which passed unanimously.

Mayor Pro Tem Mike Siers was sworn in as Mayor Pro Tem by Town Clerk Carolyn F Morris.

The oaths of office, as taken during today's meeting, are attached to and made a part of these minutes as shown in Addendum "A".

**PUBLIC COMMENT**

There being no one present who wished to speak during Public Comment, Attorney Leidy closed Public Comment at 9:26 a.m.

**CONSENT AGENDA**
The Consent Agenda consisted of the following items:

- Consideration of Tax Adjustment Report
- Approval of minutes
- Consideration of Adopt-A-Bench Policy / updated Fee Schedule
- Consideration of Trafera Computer Lease agreement
- Consideration of resolution authorizing entering into a contract with NCDEQ for a Public Beach & Coastal Waterfront Access Grant
- Consideration of resolution approving Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement

- Consideration of resolution accepting an Offer of Funding and to make the applicable assurances contained therein - American Rescue Plan funding from the State Fiscal Recovery Fund in the amount of $244,000 for an Asset Inventory and Assessment (AIA) Study

- Consideration of annual appointment of Director on Nags Head Leasing Board

MOTION: Mayor Pro Tem Siers made a motion to remove item #4 titled "Consideration of Trafera Computer Lease agreement" from the Consent agenda. The motion was seconded by Comr. Brinkley which passed unanimously.

MOTION: Comr. Brinkley made a motion to adopt the Consent Agenda as amended. The motion was seconded by Mayor Pro Tem Siers which passed unanimously.

Town Manager Garman explained that agenda item #4 was not needed as staff decided to not lease, and instead to purchase, the computer equipment.

The Tax Adjustment Report, as approved, is attached to and made a part of these minutes as shown in Addendum "A".

A copy of the Adopt-A-Bench Policy / updated Fee Schedule, as approved, is attached to and made a part of these minutes as shown in Addendum "A".

The resolution authorizing entering into a contract with NCDEQ for a Public Beach & Coastal Waterfront Access Grant, as adopted, read in part as follows:

"WHEREAS, The Town of Nags Head (the "Town") has been awarded a public access grant for the Governor Street Public Beach Access improvements; and

'WHEREAS, The Town is advised that a proposed contract between the Town and the North Carolina Department of Environmental Quality (DEQ) for Public Beach and Coastal Waterfront Access grant funds is being presented for the project known as Governor Street Public Access, and discussed; and

'WHEREAS, That, under the terms of the said contract, the total project cost is $130,048; and

'WHEREAS, The Town will pay a total local cash contribution of $28,460 and local in-kind contribution of $12,275

as its local share of the total project costs; and

'WHEREAS, The total grant assistance requested is $89,313.

'BE IT THEREFORE RESOLVED as follows:

1. That a contract between the Town of Nags Head and the North Carolina Department of Environmental Quality be and the same is hereby approved.

2. That the Manager is hereby authorized to sign and execute the said contract for and on behalf of the Town of Nags Head and forward the same to the North Carolina Department of Environmental Quality.

3. That upon final execution, a copy of said contract be filed with the minutes."

The resolution approving Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement, as adopted, read in part as follows:

"WHEREAS, the North Carolina State Budget Act of 2021 (SL 2021-180, as amended by SL 2021-189, and SL 2022-6) provided to the NC League of Municipalities (League) grant funds provided to the State of North Carolina by the U.S. Treasury pursuant the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319, American Rescue Plan Act of 2021 (ARP); and

'WHEREAS, the League received two Award Agreements (OSBM-NCLM-65) from the Office of State Budget and Management (OSBM) and the North Carolina Pandemic Recovery Office (NCPRO); and

'WHEREAS, the first Award Agreement is identified as OSBM-NCLM-65. This grant enables the League to provide "financial software and assistance programs for units of local government for expenses related to the COVID-19 pandemic..." This grant is referred to as the Municipal Accounting Services and Cybersecurity Grant; and

'WHEREAS, the second Award Agreement is identified as OSBM-NCLM-66. This grant enables the League "to provide guidance and technical assistance to units of local government in the administration of funds from the Local Fiscal Recovery Fund, as established in Section 2.6 of S.L. 2021-25, and in the administration of projects funded through the State Fiscal Recovery Fund, as established in Section 2.2 of S.L. 2021-25." This grant is referred to as the Guidance and Technical Assistance Grant; and

'WHEREAS, the Municipal Accounting Services and Cybersecurity Grant and the Guidance and Technical Assistance Grant are collectively referred to herein as the "League Grants".

'WHEREAS, the League Grants are deemed part of US Treasury Expenditure Category: 6, Revenue Replacement and shall only be spent on governmental services; and

'WHEREAS, pursuant to US Treasury Guidance, units of local government that receive services that are funded by one or both of the League Grants are beneficiaries of one or both of the League Grants, respectively, and such services are provided at no cost to these local governments; and

'WHEREAS, the League has established a Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement pursuant to the terms of the League's Municipal Accounting Systems and Cybersecurity Grant and the Guidance and Technical Assistance Grant; and

'WHEREAS, this Municipal Accounting System, Cybersecurity and Technical Assistance Memorandum of Agreement will offer local municipalities:

(1) Services rendered by the League (League Services) including but not limited to capital expenditures for special purpose software and computer equipment as set forth in §2 C.F.R. 200.439; and

(2) Services rendered by one or more service providers (Contractor Services), retained by the League on behalf of the Municipality, who are members of a particular profession or possess a special skill as set forth in §2 C.F.R. 200.459; and

(3) Equipment, including information technology systems, and supplies, including computing devises, as set forth in §2 C.F.R. 200.439 and §2 C.F.R. 200.453; and

'WHEREAS, the Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement, is attached hereto as Exhibit A; and

'NOW, THEREFORE BE IT RESOLVED BY THE CITY/TOWN COUNCIL/BOARD OF THE TOWN OF NAGS HEAD:
1. That, the Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement is hereby approved.

2. That the Manager/Clerk is authorized to execute the attached Memorandum of Agreement (or one substantially equivalent thereto) and such other agreements and actions as necessary in accordance with the League's Municipal Accounting Services and Cybersecurity Grant and the Guidance and Technical Assistance Grant."

The resolution accepting an Offer of Funding and to make the applicable assurances contained therein - American Rescue Plan funding from the State Fiscal Recovery Fund in the amount of $244,000 for an Asset Inventory and Assessment (AIA) Study, as adopted, read in part as follows:

"WHEREAS, the American Rescue Plan (ARP) funded from the State Fiscal Recovery Fund was established in S.L. 2021-180 to assist eligible units of government with meeting their water/wastewater infrastructure needs; and

'WHEREAS, the North Carolina Department of Environmental Quality has offered American Rescue Plan (ARP) funding in the amount of $244,000 to perform an Asset Inventory and Assessment study detailed in the submitted application; and

'WHEREAS, the Town of Nags Head intends to perform said project in accordance with the agreed scope of work.

'NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF NAGS HEAD:
1. That the Town of Nags Head does hereby accept the American Rescue Plan (ARP) offer of $244,000.

2. That the Town of Nags Head does hereby give assurance to the North Carolina Department of Environmental Quality that any Conditions or Assurances contained in the Award Offer will be adhered to.

3. That Andy Garman, Town Manager, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project; to make the assurances as contained above; and to execute such other documents as may be required by the Division of Water Infrastructure."

The summary sheet re: the annual appointment of Town Manager Andy Garman as Director on the Nags Head Leasing Board, as approved, read in part as follows:

"Appointment to Nags Head Leasing Corporation

'Nags Head Leasing Corporation is a non-profit, wholly owned subsidiary of the Town of Nags Head – it is not a Town Board/Committee. The corporation is used as a holding company and has saved considerable taxpayer money over the years.

'At the December 6th Board of Commissioners meeting, in accordance with the corporation's by-laws, request that the Board appoint Town Manager Andy Garman as the President/CEO of Nags Head Leasing. One of the directors of the corporation is to be appointed by the Board of Commissioners on an annual basis. The remaining Directors are elected by the Board of Directors at their annual meeting – held each May."

## PUBLIC HEARINGS

Public Hearing to consider a Subdivision Waiver submitted by Quible and Associates, PC on behalf of Ronald and Sabrina Mikita, for one (1) proposed two-lot Minor Subdivision of Parcel 007323000, PIN 071811556240. The requested waiver is from Section 10.47 of the Unified Development Ordinance as it pertains to limiting access to US 158, US 64/264, NC 12, and SR 1243

Attorney John Leidy introduced the Public Hearing to consider a Subdivision Waiver submitted by Quible and Associates, PC on behalf of Ronald and Sabrina Mikita, for one (1) proposed two-lot Minor Subdivision of Parcel 007323000, PIN 071811556240. The requested waiver is from Section 10.47 of the Unified Development Ordinance as it pertains to limiting access to US 158, US 64/264, NC 12, and SR 1243. The time was 9:25 a.m.

Planning Director Kelly Wyatt summarized her memo which read in part as follows:

"Brian Rubino, of Quible and Associates, P.C. has submitted this Preliminary Plat on behalf of the property owners, Ronald and Sabrina Mikita, for the purposes of considering a Subdivision Waiver from the requirements of Section 10.47 as it pertains to driveways.

'Appendix A, Section A.4, Definitions within the Unified Development Ordinance defines *Minor Subdivision* as, "*any subdivision containing not more than four lots fronting on an existing street, not involving any new street or road extension of municipal facilities, not adversely affecting the development of the remainder of the parcel or adjoining property and not in conflict with any provision or portion of the master plan, official map or this UDO*". The UDO Administrator has determined that the proposed two-lot subdivision is generally consistent with the requirements of the UDO, with the exception of Section 10.47 for which a waiver is being requested.

'Section 4.1, Table 4.1, Development Review Procedures within the UDO sets forth the review process for Minor Subdivision as first requiring review and recommendation by the Technical Review Committee (TRC) with the ability for the UDO Administrator to then approve the final plat for recordation should all requirements be met. See excerpt below:

TABLE 4-1: DEVELOPMENT REVIEW PROCEDURES
D = DECIDE R = RECOMMENDATION

| Procedure | UDO Administrator | Building Inspector | Technical Review Committee | Planning Board | Board of Commissioners |
|---|---|---|---|---|---|
| Minor Subdivision | D | | R | | |

'Proposed Lot 1 is approximately 1.55 acres in area and currently has an active building permit for the construction of a single-family dwelling on it. Proposed Lot 2 is approximately 2.11 acres. Both lots contain a significant area of 404 Wetlands as shown on the proposed Preliminary Plat, the USACE Wetlands Jurisdictional Determination, and the accompanying Wetland Exhibit provided by the applicant.
The image below is to identify the property.




'In review of Article 10, Part V, Subdivision Regulations, it was noted that this proposed two-lot subdivision would not meet the requirements of Section 10.47, Limiting Access to US 158, US 64/264, NC 12, and SR 1243, provided below.

***'Section 10.47 - Limiting Access to US 158, US 64/264, NC 12, and SR 1243.***
*Access to US 158, US 64/264, NC 12 or SR 1243 from any lot in a new residential subdivision of land or any recombination of existing residential lots is prohibited unless and except a variance or waiver is granted pursuant to this UDO. Access to any of the above major streets shall be provided by another existing, improved public street accepted for maintenance by the Town or a local access street, collector street or environmental street in the subdivision or an access easement shown on a subdivision plat approved by the Board of Commissioners; provided, however, that maintenance and replacement of accessways is approved by the Town Attorney and is in accordance with Section 10.51.4.*

'Any future development of a dwelling on Lot 2 would require the installation of a driveway onto SR 1243/S. Old Oregon Inlet Road, thus creating the need for a waiver from the above Section of the UDO. The applicant has included a statement in their application noting that any future siting of a dwelling on Lot 2 would be done so in such a way to utilize existing uplands on the site and a shared driveway option would create significantly more wetland impacts than the careful location of a second stand-alone driveway. This is the basis for their subdivision waiver request from the requirements of Section 10.47.

'Section 4.28 of the UDO, Subdivision Waivers, states the following:

***4.28.1. Waivers Generally.***
Where the Planning Board finds that, due to the special circumstances of a particular plat, the provision of certain required improvements is not requisite in the interest of public health, safety and general welfare or is inappropriate because of inadequacy or lack of connecting facilities adjacent or in proximity to the proposed

subdivision, it may recommend and the Board of Commissioners may waive such requirements subject to appropriate conditions. Any decision of the Board of Commissioners must be rendered by a simple majority of those members present and constituting three-fourths of the total membership of the Board. Waiver requests shall be handled in accordance with the procedures established in Section 3.13, Procedures for Quasi-Judicial Hearings.

### *4.28.2. Conditions.*

In granting such waivers, the Planning Board may recommend, and the Board of Commissioners may require such conditions as will, in its judgment, secure substantially the objectives of the standards or requirements so varied or modified.

'As previously noted, a request of this nature would typically be considered a Minor Subdivision and approved Administratively, however, the need for a Subdivision Waiver elevates this request to a Quasi-Judicial process. As noted from Table 3.1 below, this requires review and recommendation by the Planning Board and a Public Hearing to be held by the Board of Commissioners.

TABLE 3-1: REVIEW PROCEDURES D = DECISION R = RECOMMENDATION < > = PUBLIC HEARING

| Procedure | UDO Administrator | Planning Board | Board of Commissioners | Board of Adjustment |
|---|---|---|---|---|
| Amendment | | | | |
| Special Use Permit | R | R | <D> | |
| Appeal | R | | | <D> |
| Variance | R | | | <D> |
| Subdivision Waiver | R | R | <D> | |

'PROCEDURAL REQUIREMENTS/CONSIDERATIONS

The procedural requirements applicable to subdivisions are provided in Article 4, *Development Review Process*, Part IV, *Subdivision Procedures*, of the UDO; requirements or considerations of note are as follows:

- Pursuant to Section 4.22, *Initial Conference; Preliminary Sketch*, the applicant was first required to submit a preliminary sketch of the proposed subdivision and confer with the UDO Administrator. These requirements were completed, with authorization on October 3, 2023 to prepare a preliminary plat to be submitted to the Planning Board.

- It has been determined by the UDO Administrator that the plan for the proposed subdivision **generally** meets the requirements of the UDO, to be discussed further below under REGULATORY & DESIGN REQUIREMENTS/CONSIDERATIONS**.** Additionally, comments were solicited and received from Town Staff during the October 3rd Technical Review meeting; comments of note are included below:

  - In accordance with Section 10.51.1.4 topographic data in spot elevations or contour lines drawn to sufficiently close intervals to show drainage flow patterns and existing and finished elevations. Limited existing spot elevation data has been provided and without any finished grade information submitted. Should this application proceed forward toward individual lot development, additional existing grade and proposed grade elevation data will be required as part of the individual site development application approval process as outlined in the UDO.

  - Appropriate water and utility easements shall be provided to each of the properties to permit utility

service connections in accordance with Sections 10.64.2.2 and 10.62.5

- Section 10.52 outlines requirements for the Final Plat to include utility easements and utility locations.

- For future residential stormwater permitting, direct discharge of runoff from the proposed impervious surfaces into the "404" jurisdictional wetlands is not permissible. Passive or active treatment of runoff should be provided in the form of a filter strip or other approved stormwater control measure.

'REGULATORY & DESIGN REQUIREMENTS/CONSIDERATIONS
The regulatory and design requirements applicable to subdivisions are provided in Article 10, *Performance Standards*, Part V., *Subdivision Regulations*, Division II., *Approval and Platting Requirements*, and Division III., *Improvements*, of the UDO; requirements or considerations of note are as follows:

- Section 10.51.1.4**.**, *Contents of Preliminary Plat*. Topographic data in spot elevations or contour lines drawn at sufficiently close intervals to show drainage flow patterns and existing and finished elevations. Elevations of existing streets that abut the subdivision and any streets proposed as part of the subdivision shall be shown.

'The applicant has provided limited existing spot elevation data, no finished grade elevations or information has been submitted. Should the application proceed forward with the necessary waiver, towards individual lot development, additional existing and proposed grade elevation data will be required as part of the individual site development application approval process as outlined in the Unified Development Ordinance.

- Section 10.51.1.7, Contents of Preliminary Plat. The location and width of all easements of right-of-way, both existing and proposed, for pedestrians and for the construction and maintenance of cable television lines, utilities, including water lines, mains and fire hydrants, sewer lines and mains, and including all connections to existing lines, surface and subsurface electric and telephone lines and conduits and pedestrian walkways.

'Section 10.62.5**.** Required Improvements Enumerated. Easements of right-of- way for utilities, where such are not within the street right-of-way;

'Section 10.64.2. Utility Easements. All easements which are not within a street right-of-way shall have the following widths as appropriate.

10.64.2.1. If designed to include only one utility, the width shall be not less than ten (10) feet;

10.64.2.2. If designed to include more than one utility, the width shall not be less than twenty (20) feet.

'Following Planning Board review on October 17, 2023, the applicant submitted a revised Preliminary Plat with the required drainage and utility easements shown. This revised plat is included for the Board of Commissioners consideration.

- Section 10.51.2. *Compliance with State Law*, states that any AEC (area of environmental concern) shall be shown on the Preliminary Plat and Final Plat. There shall be a certification placed on the plats showing AEC's: "Some lots in this subdivision are located in areas of environmental concern at the date of approval. Individual permits may be required before any development may take place within those areas."

'This certification has been provided on the proposed preliminary plat.

- Section 10.68 *Lots*, reiterates zoning requirements frontage and lot area.

'Proposed Lot 1 and 2 are compliant with the dimensional requirements for the zoning districts in which they are located.

'POLICY CONSIDERATIONS
Policy specific to subdivisions is established in Article 10, *Performance Standards*, Part V., *Subdivision Regulations*, Division I., In General, Section 10.41, Jurisdiction; Policy, Section 10.41.2 of the UDO, as follows:

*'10.41.2.* It is declared to be the policy of the Board of Commissioners and the Planning Board of the Town to consider land subdivision plats as part of a plan for the orderly, efficient, and economical development of the Town. This means, among other things, that land to be subdivided shall be of such character that it can be used safely for building purposes without danger to health, or peril from fire, flood erosion or other menace; that proper provisions shall be made for drainage, water supply, sewerage and other needed improvements; that all proposed lots shall be so laid out and of such size as to be in harmony with the development pattern of the neighboring properties; that the proposed streets shall compose a convenient system conforming to the official map, if such exists and shall be properly related to the proposals shown on the master plan, if such exists and shall be of such width, grade and location as to accommodate the prospective traffic, to facilitate fire protection and to provide access of firefighting equipment to buildings, and to conform with existing or planned streets and with other public facilities; that a dedication of streets and rights-of-way or easements for pedestrian and utility purposes shall be made; that proper provisions shall be made for the distribution of population and traffic which shall avoid congestion and overcrowding and which shall create conditions essential to public health, safety and general welfare; and that proper provisions shall be made for open spaces for parks, playgrounds and public beaches.

'With regard to the area of the proposed subdivision and applicable policies of the *Comprehensive Plan*, this site is located within the *Residential* designation. Page 3-226 notes that the intent of this designation is to accommodate low density, single family residential.

'STAFF RECOMMENDATION
Staff is of the opinion that the requested subdivision waiver is consistent with Section 4.28.1, Waivers Generally and is consistent with the goals of the Comprehensive Plan to maintain and protect natural areas and ecosystems to the greatest extent possible. Lastly, if the Subdivision Waiver is granted, the development of Lot 2 would remain consistent with the Comprehensive Plan Residential designation with low-density single- family development.

'Additionally, staff is of the opinion that the proposed Preliminary Plat, with the attachment of the following conditions, complies with all applicable requirements.

1. Should this application proceed forward toward individual lot development, additional existing grade and proposed grade elevation data will be required as part of the individual site development application approval process as outlined in the UDO.

2. For future residential stormwater permitting, direct discharge of runoff from the proposed impervious surfaces into the "404" jurisdictional wetlands is not permissible. Passive or active treatment of runoff should be provided in the form of a filter strip or other approved stormwater control measure.

'PLANNING BOARD RECOMMENDATION
At their October 17, 2023 meeting, the Planning Board voted unanimously to recommend approval of the Subdivision Waiver for the Mikita Minor Subdivision Preliminary Plat to the Board of Commissions, including the conditions recommended by staff."

Brian Rubino from Quible & Associates spoke representing the applicant, he stated that the property owners would like to move here permanently and build a 2-3 bedroom home.

There being no one else present who wished to speak, Attorney Leidy concluded the Public Hearing at 9:40 a.m.

MOTION: Comr. Brinkley made a motion to approve the Subdivision Waiver from Section 10.47 of the Unified Development Ordinance as submitted by Quible and Associates on behalf of Ronald and Sabrina Mikita for one proposed two-lot Minor Subdivision of Parcel 007323000, PIN 071811556240 as presented - to include staff's two conditions as follows:

1 - Should this application proceed forward toward individual lot development, additional existing grade and proposed grade elevation data will be required as part of the individual site development application approval process as outlined in the UDO.

2 - For future residential stormwater permitting, direct discharge of runoff from the proposed impervious surfaces into the "404" jurisdictional wetlands is not permissible. Passive or active treatment of runoff should be provided in the form of a filter strip or other approved stormwater control measure.

The motion was seconded by Mayor Pro Tem Siers.

Mayor Cahoon stated that the resolution seems to be a reasonable solution to this challenge.

CONTINUATION OF MOTION: The motion passed unanimously.

Public Hearing to consider text amendments to the Unified Development Ordinance as it pertains to including the use of "Restaurant, Drive Through" as a permissible use within Commercial Mixed-Use Developments, as well as amending the supplemental regulations associated with this use

Attorney Leidy introduced the Public Hearing to consider text amendments to the Unified Development Ordinance as it pertains to including the use of "Restaurant, Drive Through" as a permissible use within Commercial Mixed-Use Developments, as well as amending the supplemental regulations associated with this use. The time was 9:41 a.m.

Planning Director Kelly Wyatt summarized her report which read in part as follows:

"Consideration of text amendments to the Unified Development Ordinance submitted by SRE Mustang, LLC (Outlets Nags Head) to include the use of "Restaurant, Drive Through" as a permissible use within Commercial Mixed-Use Developments and to amend the Supplemental Regulations associated with drive-through restaurants within the Town.

'Section 7.32, General Provisions of the Unified Development Ordinance, specifies the uses that are allowed to be included as part various types of Commercial Mixed-Use designations. The Commercial Mixed-Use designation includes Commercial with Accessory Residential, Group Development, Mixed Use Development, Multiple Principal Uses, and Shopping Center. Presently, "Restaurant, Drive Through" defined as "an establishment where drive lane facilities are provided for the serving of prepared food, frozen desserts or beverages directly to a customer in a motor vehicle by means which eliminates the need for the customer to exit the motor vehicle" is not included as one of the allowable uses within a Commercial Mixed-Use Development.

'Currently drive-through restaurants are only allowed in the C-2, General Commercial Zoning District with

supplemental regulations that are spelled out in Section 7.29 of the Unified Development Ordinance.

'In addition to applicant's request to amend Section 7.32 of the Unified Development Ordinance to list the use "Restaurant, Drive-Through" as a permissible use within Commercial Mixed-Use designations, the applicant has also proposed to amend the supplemental regulations found within Section 7.29 of the UDO. The proposed revised language is provided below:

'Section 7.29 - Restaurant, Drive-Through.
Restaurant, drive-through, is permitted in accordance with Section 6.6, Table of Uses and Activities, subject to other requirements of this UDO and provided that the following conditions are met:

**7.29.1.** In addition to the buffering requirements of Section 10.93, Landscaping, Buffering, and Vegetation Preservation, the site shall be buffered from all adjacent properties utilizing a 10-foot wide Commercial Transitional Protective Yard as prescribed in Section 10.93.

**7.29.2.** The drive-through restaurant must be situated in a retail shopping center development which (a) consists of at least twenty (20) acres of land with frontage on the US 158 right-of-way, (b) has signalized access to and from US 158, and (c) the structure with a drive-through is less than 3,000 square feet. The Town Board may, in its discretion, approve an alternative site layout with the front of a drive-through restaurant located in the C-2, General Commercial District on US 158 oriented differently (i.e., front façade not facing US 158) as part of the Special Use Permit process.

**7.29.3.** Where the front façade of the restaurant with drive-through is not oriented toward US Hwy 158, the Town Board may approve such alternative site layout provided that the buffer yard requirements set forth in UDO Section 10.93 are satisfied.

'Staff would note that while text amendment requests are not site specific, it is helpful to understand that this request is being made in an effort to allow development of a drive-through restaurant (Starbucks) within an existing shopping center/group development (Outlets Nags Head). The applicant is aware that any site-specific site plan approval is contingent upon the adoption of this text amendment.

**'POLICY CONSIDERATIONS**
The 2017 Comprehensive Land Use sets forth various character areas throughout the Town. These are districts that have their own unique characteristics, have the potential to evolve into unique areas with intentional guidance of future development through planning and implementation, or require special attention due to unique development issues. These areas provide both the vision and policy direction for the desired use, design, infrastructure, and other elements that new development must consider. Within each Character Area the plan references a general list of appropriate land uses within the Character Area. These character areas include the Gallery Row- Community Center Character Area, Historic Character Area, Village Municipal Service Character Area, South Nags Head Character Area and the Corridors Character Area. In each of these areas, the list of generally appropriate land uses specifically spells out that "drive-thru restaurants" are not desirable (see below). In addition, the following Land Use Policies may be applicable:

- LU-1 – Ensure that the character of Nags Head is preserved as a single-family residential beach community with ties to its natural environment. This character is defined by:

  - Buildings with a residential scale and appearance with low heights and small footprints that are designed to reflect the heritage of Nags Head.
  - Commercial development that serves the needs of residents and visitors but respects the goals of the community related to design and appearance.

- LU-23 – Require sufficient parking for commercial businesses with parking area design regulations that

limit impacts on neighbors and surrounding land uses. Page 3-31 states, "as future ordinance revisions occur, the town should maintain consistency between permitted land uses and its parking tables and evaluate changes as necessary to correlate parking standards with actual
parking demand based on best available data and information.

○ EC-6 – Support and foster small, local businesses that preserve and uphold the vision and legacy of the town.

**Table 2.6.2.A: Appropriate Land Uses in the Whalebone Junction Character Area**

| Whalebone Core [1] | Soundside [1] |
|---|---|
| - Single-Family Residential (5,000 sq. ft. or less)<br>- Hotel/Boutique Hotel<br>- Mixed Use<br>- Accessory residential to residential<br>- Commercial (10,000 sq. ft. or less)<br>- Accessory residential to commercial<br>- Office as an accessory use<br>- Retail<br>- Equipment rentals<br>- Restaurant (Walk-up, sit down, no drive-thrus)<br>- Gallery/Museum<br>- Institutional (Parks, School, Non-Profit)<br>- Personal Service Establishment<br>- Cottage Court | - Multi-Family<br>- Hotel/Boutique Hotel<br>- Accessory residential to commercial<br>- Mixed Use<br>- Commercial<br>- Office as an accessory use<br>- Retail<br>- Restaurant (Walk-up, sit down, no drive-thrus)<br>- Personal Service Establishment<br>- Indoor entertainment<br>- Indoor/Outdoor Recreation<br>- Water Dependent Uses (i.e. pier/boardwalk)<br>- Accessory water dependent use to commercial use, mixed use, or hotel (i.e. pier/boardwalk)<br>- Outdoor Events, Festivals, and Amusements |

| Table 2.8.2.A: Appropriate Land Uses in the Corridors Character Area [1] | | |
|---|---|---|
| **US 158 / US 64** | **NC 12** | **SR 1243** |
| - Commercial (40,000 sq. ft. or less for individual buildings, excluding hotels) [2]<br>- Accessory Commercial or Residential to Commercial or Office<br>- Mixed Use<br>- Retail<br>- Office<br>- Restaurant (Walk-up, sit down, no drive-thrus)<br>- Banking Institution<br>- Personal Service Establishment<br>- Gymnasium/Fitness Studio<br>- Indoor Entertainment<br>- Gallery/Museum | - Single-Family Residential (5,000 sq. ft. or less)<br>- Accessory Residential to Residential<br>- Mixed Use<br>- Commercial (10,000 sq. ft. or less)<br>- Accessory residential to commercial<br>- Office<br>- Retail<br>- Equipment rentals<br>- Restaurant (Walk-up, sit down, no drive-thrus)<br>- Gallery/Museum<br>- Institutional (Parks, School, Non-Profit)<br>- Personal Service Establishment | - Single-Family Residential (5,000 sq. ft. or less)<br>- Accessory Residential to Residential<br>- Cottage Courts<br>- Hotel/Motel (northern end only)<br>- Fishing Piers with accessory restaurant |

'STAFF RECOMMENDATION
As referenced throughout the 2017 Comprehensive Land Use Plan, the Town of Nags Head generally has concerns with the development of drive-through restaurants to include their appropriateness within various character areas within the town, including the US Hwy 158 corridor. As such, drive-through restaurants are currently only permitted via the special use permit process in the C-2, General Commercial District as a standalone principal structure. Staff submits that numerous concerns are likely to arise as a result of proposing a new drive-through restaurant as part of an existing mixed-use development. Those concerns include but are not limited to conflicts with internal traffic circulation, traffic congestion, potential reduction of necessary parking spaces, potential vehicular backups and drive aisle conflicts, pedestrian safety, and public safety concerns such as obstruction of emergency vehicle and fire lane access.

'Based upon the staff analysis above, staff would recommend denial of the proposed text amendment to allow drive-through restaurants as an acceptable use within commercial mixed-use developments, including shopping centers.

'PLANNING BOARD RECOMMENDATION
At their October 17, 2023 meeting the Planning Board heard this request and voted unanimously to recommend denial of the text amendment as proposed.

'If the Board of Commissioners is inclined to adopt this proposed text amendment, please reference Appendix A for the Statement of Consistency with the Town's adopted Comprehensive Land Use Plan requirements (attached)."

Mayor Cahoon confirmed with Ms. Wyatt that currently the area around the Outlets is zoned C-2 and if the applicant desired, they could place the location for the drive-thru adjacent to the Outlets.

Mayor Pro Tem Siers confirmed if not part of an existing shopping center – such as where KFC/Taco Bell is allowed – it is legal. If we allowed it, it would be as a special use; the Board would always see the site plan.

Crouse Gray, attorney for the Outlets; he spoke on behalf of the applicant; the property is at the Outlets Mall; this is a "use" issue to him not a "design" issue; the C-2 district does not allow drive-thru's but there are other restrictions; he knows that the Board is concerned that this, if approved, could open up the Town to other similar businesses so they included restrictions limiting where it can be placed; this is a special use permit. He read from the Land Use Plan. He feels the C-2 district is the correct location for this type of business. He feels this is a good thing for the Board to adopt as it is good for everyone.

There being no one else present who wished to speak, Attorney Leidy concluded the Public Hearing at 10:04 a.m.

Comr. Sanders stated that he is conflicted on this item at this time.

In response to Comr. Brinkley, Attorney Leidy said that this is not a site specific item – he pointed out that the Board also has to find that this amendment is consistent with the Land Use Plan.

Comr. Lambert mentioned concern among the Planning Board for this use in this specific area; Mayor Pro Tem Siers feels this may need more discussion.

Mayor Cahoon indicated that Nags Head has never been in favor of drive-thru establishments.

Comr. Sanders said that it could be more of an issue when looking at redevelopment.

MOTION: Mayor Pro Tem Siers made a motion to table this item concerning "Restaurant, Drive Through" as a permissible use within Commercial Mixed-Use Developments and to return it to the Planning Board for additional review, due to today's discussion - and to schedule a Public Hearing for the January 3rd or February 7th Board meeting – whatever works for the Planning Board. The motion was seconded by Comr. Sanders.

Mayor Pro Tem Siers said that the way he looks at it, there is a conflict with the UDO and it is not allowed. Mayor Cahoon commented that he is not sure what the Planning Board would recommend – other than changing the Land Use Plan.

CONTINUATION OF MOTION TO TABLE: The motion passed 4 – 1 with Mayor Cahoon casting the NO vote.

Public Hearing to consider text amendments to Sections 6.5, Classification and Review of Unlisted Uses, Section 6.6, Table of Uses and Activities, and Article 7, Supplemental Regulations as it pertains to the appraisal and purchase of precious metals and antiques and collectibles as an acceptable temporary and accessory use to retail jewelry shops

Town Attorney John Leidy introduced the Public Hearing to consider text amendments to Sections 6.5, Classification and Review of Unlisted Uses, Section 6.6, Table of Uses and Activities, and Article 7, Supplemental Regulations as it pertains to the appraisal and purchase of precious metals and antiques and collectibles as an acceptable temporary and accessory use to retail jewelry shops. The time was 10:24 a.m.

Planning Director Kelly Wyatt summarized her report which read in part as follows:

"At their October 4, 2023 meeting the Nags Head Board of Commissioners adopted an ordinance which would allow existing brick and mortar retail jewelry stores to host temporary events whereby precious metals dealers can locate and operate within the store for a period not to exceed 90 days within any calendar year. In addition to this amendment, it was the consensus of the Board of Commissioners that staff draft the necessary revisions

needed to expand the items acceptable for appraisal and purchase beyond that of just precious metals to other items as well.

'North Carolina General Statute Article 45, Section 66-387 defines various types of business transactions related to the purchase of secondhand goods from the public. As defined by the statute, "Currency Converter" also called "Cash Converter" would encompass the activity that has been requested for consideration by the Board of Commissioners at their October 4th meeting.

'The entirety of Article 45 is attached for review and the definition of currency converter is provided below for the Board of Commissioners consideration:

*'Currency converter. – Either (i) a person engaged in the business of purchasing goods from the public for cash at a permanently located retail store or (ii) an itinerant merchant as defined in G.S. 66-250(1) who holds himself or herself out to the public by signs, advertising, or other methods as engaging in that business. The term does not include any of the following:*

a. *Pawnbrokers, except with regard to the purchase of a gift card or merchandise card.*

b. *Persons whose goods purchases are made directly from manufacturers or wholesalers for their inventories.*

c. *Precious metals dealers, to the extent that their transactions are regulated under Part 2 of this Article.*

d. *Purchases by persons primarily in the business of obtaining from the public, either by purchase or exchange, used clothing, children's furniture, and children's products, provided (i) the amount paid for the individual item purchased is less than fifty dollars ($50.00) and (ii) the individual item purchased is not a gift card or merchandise card of any value.*

e. *Purchases by persons primarily in the business of obtaining from the public, either by purchase or exchange, sporting goods and sporting equipment, provided (i) the amount paid for the individual item purchased is less than fifty dollars ($50.00) and (ii) the individual item purchased is not a gift card or merchandise card of any value.*

*'Cash – Lawful currency of the United States.*

'Staff would note that while the initial text amendment request was made on behalf of a business owner operating within the Town of Nags Head, seeking to do business with an entity who appears to be a highly reputable vendor (National Rarities), text amendments are not site specific, rather they become available to any business meeting the adopted criteria (ex: existing retail jewelry stores). When moving beyond the parameters outlined for Precious Metals Dealers, staff does not have the ability to regulate the types of items being brought in by the public for appraisal and potential purchase. On their website National Rarities states that they currently buy fine jewelry, scrap gold and silver, diamonds, watches, coins, currency, and bullion, rarities, fine art and luxury goods, firearms and "so much more". While staff cannot regulate the types of items that may be taken to such an event for appraisal and purchase; and while staff must enforce any activity of this nature through the statutory requirements of "Currency Converters", we can apply the terminology of "Antique and Collectibles Dealer" as it pertains to the proposed text amendment, if so desired by the Planning Board and Board of Commissioners respectively.

'Currency/cash converters may also be referred to as secondhand goods dealers. While pawn shops and cash converters are both businesses that deal with secondhand goods, there are differences in the two regarding their business operations. Primarily, pawn shops provide collateralized loans, taking temporary ownership of

an item and holding it until the customer repays the loan. If the loan is not repaid, the pawnshop may then sell the item. Currency/cash converters do not provide loans, they focus on immediate purchase transactions.

'Staff has provided a draft ordinance for consideration. Please note that revisions to the previously reviewed language, such as deletions and additions to the text have been highlighted in yellow in the draft ordinance. Staff believes the draft reflects the Board of Commissioners request and will be available at the Boards December 6th, 2023 meeting for continued discussion.

'PLANNING BOARD RECOMMENDATION
At their October 17, 2023 meeting the Planning Board voted unanimously to recommend denial of the ordinance amendment as drafted. The Planning Board made clear that they were in no way concerned with how the applicant would operate this type of use. They did however have several concerns with the amendment as text amendments are not site and vendor specific and would apply to any jewelry shop within the town, and any secondhand item purchasing operation.

'It was the consensus of the Planning Board that should the Board of Commissioners be inclined to adopt the proposed text amendment that additional consideration be given to the following:

- The 90-day limitation on operation of such a business. Planning Board members expressed concern that 90 days, especially if one chose to operate a cash conversion event for 90 continuous days, could become problematic and likely abused. Some members felt as though limiting it to no more than a few weekends in a calendar year would be more palatable, others felt as though the use was problematic regardless of limiting the days of operation.

- The ability for such a business to accept and purchase firearms. Planning Boad members expressed concern that firearms could be brought in for appraisal and purchase, noting the gray area that exists between what one considers antique and collectible and accepting inoperable firearms versus operational firearms and any licensing or registration associated with the transfer of firearms.

'If the Board of Commissioners is inclined to adopt this proposed text amendment, please reference Appendix A for the Statement of Consistency with the Town's adopted Comprehensive Land Use Plan requirements (attached)."

Comr. Brinkley questioned why it would matter that an antique firearm was operable or not. Police Chief Hale agreed stating that, from his understanding, there would still need to be a background check.

There being no one present who wished to speak, Attorney Leidy concluded the Public Hearing at 10:33 a.m.

Mayor Cahoon confirmed that the ordinance does what the Board asked; Comr. Lambert said that she would be happy to consider fewer than the 90 days for an event to be allowed to be held.

Comr. Brinkley confirmed that Chief Hale had no concerns about the precious metal deals with antique weapons; Chief Hale said he has no concerns with this company and this business – he stated further that the type of event requested does not bring in people looking to sell illegal firearms.

MOTION: Mayor Cahoon made a motion to adopt the ordinance pertaining to the appraisal and purchase of precious metals and antiques and collectibles as an acceptable temporary and accessory use to retail jewelry shops as presented with the exception that the 90 days be reduced to 14 days. The motion was seconded by Mayor Pro Tem Siers which passed unanimously.

The ordinance, as adopted, is attached to and made a part of these minutes as shown in Addendum "A".

**REPORTS AND RECOMMENDATIONS FROM THE PLANNING BOARD AND THE PLANNING AND DEVELOPMENT DIRECTOR**

Update from Planning Director

Planning Director Kelly Wyatt summarized her report which read in part as follows:

"This memo provides an overview of selected Planning and Development Department activities, projects, and initiatives. If requested, Staff will be prepared to discuss any of this information in detail at the Board of Commissioners meeting on December 6th, 2023.

'Monthly Activity Report
Attached for the Board's review is the *Planning and Development Monthly Report for October 2023*. In addition to permitting, inspections, code enforcement, and Todd D. Krafft Septic Health Initiative activities, Staff was involved in the following meetings or activities of note during the month:

- Wednesday, November 1st, Board of Commissioners Meeting
- Thursday, November 2nd, CRS Users Group Meeting
- Tuesday, November 7th – Technical Review Committee Meeting
- Wednesday, November 8th – Committee for Arts and Culture Meeting
- Thursday, November 9th – Board of Adjustment Meeting (no hearings scheduled)
- November 15th – Board of Commissioners mid-month meeting (if needed)
- November 16th & 17th – Board of Commissioners Retreat
- Tuesday, November 21st – Planning Board Meeting
- Saturday, November 11th & 25th from 9am – noon – Dowdy Park Holiday Markets
- Saturday, November 25th from 5pm – 7pm – 3rd Annual Tree Lighting Ceremony
- Tuesday, November 28th – Meeting w/ Donna Creef re: OBAR and Over-occupancy
- Wednesday, November 29th – Climate Adaptation for Onsite Wastewater Presentation

'Planning Board - Pending Applications and Discussions
The Planning Board's most recent meeting was held on Tuesday, November 21st, 2023, and primarily focused on continued discussion of multi-family development.

'The Planning Board's next meeting is scheduled for December 19th, 2023. At this time, the agenda is expected to include a request to initiate the text amendment process for amendments to the UDO requiring that septic systems and all other components be surrounded by a barrier to prevent vehicle parking and continued discussion on the multi-family dwelling ordinance.

'Board of Adjustment – Pending Applications
There were no items for Board of Adjustment consideration in November 2023.

'Additional Updates

- DWMP/Septic Health Advisory Committee – Following the Board of Commissioners' November meeting and the Septic Health Advisory Committee meeting update, Government Affairs Director for OBAR, Donna Creef requested a meeting with town staff to discuss community survey concerns related to over occupancy and

potential outreach and education efforts with property managers. After a brief discussion, and gaining an understanding of the staff's concerns, Mrs. Creef noted that she would arrange to have Environmental Planner, Conner Twiddy, attend an upcoming OBAR meeting to present the Septic Health Program and discuss concerns and address questions that others may have. Additionally, staff met with Josh Coltrain, Dare County Environmental Health Supervisor, to get an update on new on-site wastewater regulations that go into effect on January 1st, 2024. Town Manager Garman has been communicating with Dare County and will be updating the Board of Commissioners on the next steps. Staff continue to work on draft ordinance language prohibiting parking on the septic and drainfield areas.

- Electric Vehicle Action Plan – Staff is currently working with Daniel Parsons of LoWire Technologies to finalize a quote for the acquisition, installation, and future maintenance of the EvoCharge equipment. Staff is also working to identify contractors to construct ADA accessible parking spaces and to fabricate and install signage in accordance with the DEQ grant requirements. Staff will continue to update on this item.

- Sand Relocation and Dune Management Cost Share Program – As of December 1st, $129,000 of the $320,000 allocated to the Dune Management Cost Share Program has been encumbered. Additionally, we have received 47 Sand Relocation Applications of which 37 have authorization letters and work is being done.

- Permitting Update 1st Quarter – See below the total number of permits accepted and the average turnaround time. These numbers do not include trade permits.

| 2023 | Total Permits | Avg Turnaround/days |
|---|---|---|
| July | 43 | 2.0 |
| August | 47 | 2.2 |
| September | 63 | 2.3 |

- Dowdy Park Events/Farmers Market/Holiday Markets/Art & Culture – The 3rd Annual Tree Lighting Ceremony was successful. Though cold, there was a good turnout and we have received numerous compliments from the community. Staff would like to thank the Nags Head Fire Department, Police Department, Public Services, and all who came together to make it a memorable evening. The Holiday Night Market was also successful, noting that it was predominantly locals who expressed a lot of appreciation for the evening market. The rescheduled Holiday Market will be on Saturday, December 2nd and our final Holiday Market will be on Saturday, December 9th from 9am – noon. The 2nd Annual Flashlight Candy Cane Hunt will be held on Thursday, December 14th at 4:45 at Dowdy Park and there is still time for residents and businesses to participate in the Town's Holiday Decorating Contest. Entries are due by December 12th and will be judged on the evening of December 19th.

'Upcoming Meetings and Other Dates

- Tuesday, December 5th – Technical Review Committee Meeting
- Wednesday, December 6th - Board of Commissioners Meeting
- Thursday, December 7th - CRS Users Group Meeting
- Wednesday, December 13th – Committee for Arts and Culture Meeting
- Wednesday, December 13th – Strategic Plan Implementation Session
- Thursday, December 14th – Board of Adjustment Meeting (no hearings scheduled)
- Thursday, December 14th – Flashlight Candy Cane Hunt

- Wednesday, December 19th – Planning Board Meeting
- Wednesday, December 20th – Board of Commissioners mid-month meeting (if needed)
- Saturday, December 2nd & 9th from 9am – noon – Dowdy Park Holiday Markets"

**NEW BUSINESS**

Committee Reports

Shoreline Management – Comr. Sanders noted that the project was recently turned down on a grant request.

Comr. Brinkley - Jennette's Pier Advisory Committee – Comr. Brinkley advised that the date for the next meeting has been set for December 11th.

Appointment to Town Planning Board

The summary sheet read in part as follows:

"At the December 6th Board of Commissioners meeting, request Board consideration of the following:

'Appointment to Planning Board
Vacancy created when Megan Lambert was elected to BOC November 7, 2023.

'Attached please find an updated Current Roster, as well as an updated Planning Board Candidate Chart."

MOTION: Comr. Brinkley made a motion to appoint David Thompson to the vacant position on the Planning Board. The motion was seconded by Comr. Sanders which passed unanimously.

Consideration of resolution authorizing application to file for State Water Resources Development Grant

Town Engineer David Ryan summarized the agenda summary sheet which read in part as follows:

"The attached resolution authorizes Town Manager Garman to execute and file an application with the State for a Water Resources Development Grant.

'The Town recently received an NCDEQ LASII stormwater grant for the construction of stormwater improvements for Project Area #12 (in the proximity of Juncos St.) and Project Area #13 (in the proximity of Dare Dr.) in South Nags Head. The focus of this grant is to enhance the design components already considered for Project Area #12 and the reduction of floodwaters along S. Old Oregon Inlet Rd. The main elements of the system captured within the LASII grant are comprised of the installation of a storm pipe collection and pump system along S. Old Oregon Inlet Rd to draw down floodwaters and pump to a dune infiltration system located under the ocean front dune at the Juncos St. Beach Access.

'The Water Resources Development Grant (WRDG) provides an opportunity to expand improvements by renovating the existing Juncos Street beach access parking lot and upfitting with pervious pavers, asphalt resurfacing, landscaping, and remote monitoring and operation for the stormwater pumping system. The additional measures included in this grant request will aid in increasing overall project performance and maximize efficiency of the pumping system.

'The additional funding request associated with this project will advance the Town's knowledge base on groundwater management systems and expand the Town's portfolio of innovative nature-based resiliency projects.

'Implements new infrastructure to collect road water runoff and then pump to other locations
Project area #12 and #13 in S Nags Head – in the area of Juncos Street"

Mayor Pro Tem Siers confirmed that this grant won't delay the project – additional permitting was already needed.

MOTION: Mayor Pro Tem Siers made a motion to adopt the resolution authorizing application to file for a State Water Resources Development Grant as presented. The motion was seconded by Comr. Sanders which passed unanimously.

The resolution, as adopted, read in part as follows:

"WHEREAS, the Town of Nags Head has need for rehabilitating the existing beach access parking lot at Juncos Street using pervious pavement and nature-based stormwater solutions; and

'WHEREAS, this site is part of a project to reduce flooding along South Old Oregon Inlet Road. The rebuilt, more resilient beach access parking lot will feature pervious parking areas and green infrastructure for stormwater management; and

'WHEREAS, this site is open for use by the public on an equal basis with no restrictions and will improve the accessibility of beach access to the general public; and

'WHEREAS, The Town of Nags Head intends to request State grant assistance for the Juncos St. public beach access at Old Oregon Inlet Road.

'NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF NAGS HEAD:

- That the Board of Commissioners requests the State of North Carolina to provide financial assistance to the Town of Nags Head in an amount not to exceed $200,000 or 50% of nonfederal project costs, whichever is the lesser amount.

- The Board assumes full obligation for payment of the balance of the beach access costs (or non-federal portion).

- The Board has complied and will comply with all applicable laws governing the project and the award of contracts and the expenditure of public funds by local governments.

- The Town will obtain all necessary project permits.

- The Town will supervise construction of the project to assure compliance with permit conditions and to assure safe and proper construction according to approved plans and specifications.

- The Town will hold the state harmless from any damages that may result from the construction, operation and maintenance of the project.

- The Town of Nags Head will provide for efficient operation and maintenance of the beach access facilities upon project completion.

- The Town Manager, or in absence designee, of the Town of Nags Head is hereby authorized, individually and collectively, to execute and file an application on behalf of the Town of Nags Head with the State of North Carolina for a grant to aid in the project described above.

- That the Town Manager, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project: to make the assurances as contained above; and to execute such other documents as may be required in connection with the application."

**ITEMS REFERRED TO AND PRESENTATIONS FROM TOWN MANAGER**

Town Manager Garman - Update on Public Services Facility

Town Engineer David Ryan provided an aerial review of the Public Services Facility improvements. He summarized building occupation dates as follows:

Water Distribution/Administration Building – end of March 2024
Larger buildings – end of May 2024
Vehicle Storage building – end of summer 2024
Equipment Storage building – spring 2024
Overall Project Completion date – October 2024

Mayor Cahoon asked to schedule a field trip for Board members to tour the Public Services site construction at the end of the February 7th Board of Commissioners meeting. Town Engineer Ryan said that he would schedule the field trip for the Board with the contractor.

Town Manager Garman - Request for approval of Town Hall / Fire Station Properties Master Plan

Town Manager Garman summarized the agenda summary sheet which read in part as follows:

"Staff is requesting that the Town prepare a master plan for the Town Hall and Fire Station properties (5401 S Croatan Hwy, 5314 S Croatan Hwy, 105 W Seachase Drive). Next year we anticipate working with Dare County to design a new Fire Station (to eventually replace Station 16) along with a Dare County EMS station on Town owned property at 105 W Seachase Drive. Town staff are currently using the building at 105 W Seachase Drive as a temporary fitness facility since the old fitness building at 5401 S Croatan Hwy is closed and in need of repair. Given its age and condition, it may be prudent to consider replacement rather than repair of this facility. In addition to the fire station and replacement of the fitness facility, there are several current and potential future needs the Town will need to consider for these properties. This could include any of the following:

- Replacement of the Board of Commissioners meeting room
- Replacement of the South Wing training facility in Fire Station 16
- Replacement of the fitness facility
- Evaluation of future departmental space needs
- Replacement of the Public Services garage
- Housing for seasonal and transitional town staff
- Community meeting space(s)

'The goal of this project would be to identify desired future needs and determine how they could most efficiently be accommodated on both properties. We would seek to complete this in advance of the FY 24/25 budget in case there is a desire to move forward next year with any of the projects identified in the plan. It is anticipated

that this would be a plan that could be phased over many years. Attached is a draft scope of services from Oakley Collier Architects for your consideration. Staff reached out to Oakley Collier since they will be designing the new Fire/EMS facility under a separate contract with Dare County. They also most recently designed the Town's Public Services project."

Town Manager Garman spoke of the need for the update of existing aging Town buildings: He would like to have a new fitness facility; there will eventually be a need for a new Board Room facility; with the age of the Town's current buildings, he feels this would warrant the development of a master plan. He would like to move forward towards completion of a master plan within the next three – four months.

Comr. Brinkley said that he appreciates Manager Garman moving toward a Master Plan that would consider all the potential needs of the Town.

It was Board consensus to agree with the proposal presented by Town Manager Garman with the goal to identify desired future needs and determine how they could most efficiently be accommodated on the Town Hall / Fire Station Properties Master Plan.

Town Manager Garman - Discussion of onsite wastewater legislation update

Town Manager Garman summarized the agenda summary sheet which read in part as follows:

"Town staff recently met with Dare County Environmental Health staff to learn about new changes to regulations that govern the construction and repair of on-site wastewater (septic) systems.

'There are several significant changes to these regulations that will go into effect on January 1, 2024. Of primary concern is that property owners will no longer be allowed to repair drainfields in their original location (which is the current practice). Systems will now be required to use the designated repair area. If the repair area designated on the original permit included a more expensive pre-treatment system, owners will be required to upgrade to that type of system. This has become commonplace in recent years. These changes will involve more vegetation clearing/tree removal as well as additional cost to homeowners who will now have to reroute disposal lines from the home and/or pump wastewater from the tank to a new location on the property. If a pre-treatment system is required, this will cost 5-6 times more than a conventional system. These systems also require a licensed operator.

'Also, for commercial properties, any property that is considered "high strength wastewater" (i.e. any food service, ice cream coffee shops, schools, assembly areas, etc.) will be required to go to a pre-treatment system for any repairs or for new systems.

'We will brief you on these regulations and our conversations with Dare County staff at the upcoming meeting."

Town Manager Garman reported that he and staff recently met with Dare County Environmental Health personnel to learn about new changes to regulations that govern the construction and repair of on-site wastewater (septic) systems. There are some fairly significant changes coming forward that staff feels may impact a lot of residents. He pointed out that Dare County has also expressed their opposition to the regulations; he will keep the Board informed.

**BOARD OF COMMISSIONERS AGENDA**

Mayor Pro Tem Siers - Congratulations

Mayor Pro Tem Siers congratulated Comr. Lambert on the recent election and Dep Town Clerk Michelle Gray on her upcoming retirement.

Comr. Brinkley – Thank you

Comr. Brinkley thanked staff for their work and wished them a happy upcoming holiday season. He also said that he is honored to be elected to the Board for another four years. He congratulated Comr. Lambert on the recent election and Town Clerk Michelle Gray on her upcoming retirement.

Comr. Sanders – Thank you

Comr. Sanders echoed what the other Board members said and thanked the Town for the Dowdy Park events and how nice the park looks.

Manager Andy Garman – Health insurance

In the Town's efforts to continue to be a leading employer, Manager Garman suggested a change to the Town's dependent health insurance. Currently the Town pays 75% of employee dependent health insurance for those hired prior to 2010 and 60% for those hired after 2010. The Board had expressed an interest at its recent Retreat at making a change – which could be included in the January payroll if the Board is interested. It would also mean a change in the Employee Personnel Policy.

Comr. Lambert stated that she was inclined to approve a 80%/20% split and she would encourage other municipal neighbors to do more for their employees also. Board members agreed with Comr. Lambert's comments.

MOTION: Mayor Cahoon made a motion to modify the Town's Personnel Policy by amending the Health Insurance section from a 60/40 split to an 80/20 split for all full-time employees, no matter the hire date. The motion was seconded by Mayor Pro Tem Siers which passed unanimously.

**MAYOR'S AGENDA**

Mayor Cahoon - Consideration of 2024 BOC Meeting Calendar and FY 24/25 Budget Calendar

MOTION: Mayor Pro Tem Siers made a motion to approve the 2024 BOC Meeting Calendar and the FY 24/25 Budget Calendar as presented. The motion was seconded by Comr. Brinkley which passed unanimously.

The 2024 BOC Meeting and the FY 24/25 Budget calendars, as approved, are attached to and made a part of these minutes as shown in Addendum "A".

Mayor Cahoon – Photo of the new Board

Mayor Cahoon asked Board members to stay for an official new Board photo after today's meeting.

Mayor Cahoon – Recent Affordable Housing article

Mayor Cahoon pointed out that an article was published last week that incorrectly stated the Nags Head Board voted down affordable housing – which was not true as the Board had never received an official proposal for voting on. Mayor Cahoon said that he reached out to the writer of that article to inform him of this.

Mayor Cahoon - Consideration of employee Christmas bonus

MOTION: Comr. Brinkley made a motion to approve a Christmas bonus of $150 for full-time Town employees and $75 for part-time employees. The motion was seconded by Comr. Lambert which passed unanimously.

**OTHER BUSINESS**
Mayor Cahoon confirmed with Board members that there is no other business to come before the Board today.

**CLOSED SESSIONS**

MOTION: Mayor Cahoon made a motion to enter Closed Session to consider Closed Session minutes from Jan – Nov 2023 and their disposition pursuant to GS 143-318.11(a)(1) and to consult with the Town Attorney regarding matters protected by the attorney/client privilege and to preserve that privilege, including the pending litigation re: Dare County municipalities vs the State of NC zoning authority pursuant to GS 143-318.11(a)(3). The motion was seconded by Mayor Pro Tem Siers which passed unanimously. The time was 11:45 a.m.

**OPEN SESSION**
The Board re-entered Open Session at 12:12 p.m.

Attorney Leidy reported that during Closed Session the Board did approve Closed Session minutes and their disposition and took some other action that is not to be reported on at this time.

**ADJOURNMENT**

MOTION: Comr. Brinkley made a motion to adjourn. The motion was seconded by Mayor Pro Tem Siers which passed unanimously. The time was 12:13 p.m.

_____
Carolyn F. Morris, Town Clerk

Date Approved: _____

Mayor: _____
Benjamin Cahoon

# Agenda Item Summary Sheet

Item No: **E-4**
Meeting Date: **January 3, 2024**

**Item Title**: Consideration of resolution to accept the American Rescue Plan Act (ARPA) grant offer for the Stormwater Master Plan Update Project

**Item Summary**:

At the January 3rd Board of Commissioners meeting, staff is requesting Board consideration of the attached resolution authorizing acceptance of the NC DEQ LASII American Rescue Plan Act (ARPA) funding in the amount of $400,000. Funds are to assist the Town with its Stormwater Master Plan Update Project.

The resolution also directs the Town Manager and staff to provide whatever information to the State as appropriate in connection with the project.

The resolution for Board approval, as well as the approved project scope package, are attached.

Number of Attachments: 2

**Specific Action Requested**:

Attached resolution is provided for Board consideration.

Submitted By: Finance Officer Amy Miller Date: December 22, 2023

**Finance Officer Comment**:

Request adoption of attached resolution to move forward with receipt of NC DEQ LASII American Rescue Plan Act (ARPA) funding.

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

This supports the Board's strategic stormwater infrastructure goal.

Signature: Andy Garman Date: December 22, 2023

Resolution No. 24-01-XXX
American Rescue Plan offer
Acceptance-Stormwater Planning Grant
BOC Meeting January 3, 2024

**RESOLUTION ACCEPTING AMERICAN RESCUE PLAN (ARP) FUNDING FROM THE STATE FISCAL RECOVERY FUND FOR A STORMWATER PLANNING GRANT**

**WHEREAS**, the American Rescue Plan Act (ARPA) funded from the State Fiscal Recovery Fund was established in Session Law (S.L.) 2021-180 to assist eligible units of local government with meeting their drinking water, wastewater and/or stormwater infrastructure needs; and

**WHEREAS**, the North Carolina Department of Environmental Quality has offered LASII American Rescue Plan Act (ARPA) funding in the amount of $400,000 to perform the work detailed in the submitted application; and

**WHEREAS**, the Town of Nags Head intends to perform said project in accordance with the agreed scope of work.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF NAGS HEAD:**

1. That the Town of Nags Head does hereby accept the American Rescue Plan Act (ARPA) offer of $400,000;
2. That the Town of Nags Head does hereby give assurance to the North Carolina Department of Environmental Quality that any Conditions or Assurances contained in the Funding Offer and Acceptance (award offer) will be adhered to; has substantially complied, or will substantially comply, with all federal, State of North Carolina (State), and local laws, rules, regulations, and ordinances applicable to the project; and to federal and State grants and loans pertaining thereto; and
3. That Andy Garman, Town Manager, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with this project; to make the assurances as contained above; and to execute such other documents as may be required by the North Carolina Department of Environmental Quality, Division of Water Infrastructure.

Adopted this the 3rd day of January 2024.

_____
Benjamin Cahoon, Mayor
Town of Nags Head

ATTEST:

_____
Carolyn F. Morris, Town Clerk

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ROY COOPER
*Governor*
ELIZABETH S. BISER
*Secretary*
SHADI ESKAF
*Director*

NORTH CAROLINA
*Environmental Quality*

December 4, 2023

Ms. Amy Miller, Deputy Town Manager/Financial Director
Town of Nags Head
P.O. Box 99
Nags Head, North Carolina 27959

Subject: Preliminary Project-Scope Approval &
Transmittal of Offer-and-Acceptance Funding Award

Stormwater Planning Grant

Stormwater Master Plan Update

DWI Project No(s).: SRP-SW-ARP-0102

Dear Ms. Miller:

The Division of Water Infrastructure (**Division**) has reviewed the recently submitted preliminary project scope information, and we have no objections concerning the document(s) provided. Therefore, we are pleased to inform you the preliminary scoping document is approved herein.

In addition, with this document's approval, the above-referenced project, thusly, is now authorized to receive its intended *American Rescue Plan Act* (**ARPA**) funding, provided from the State Fiscal Recovery Fund (SFRF), as established in Session Law (S.L.) 2021-180 please note projects funded from the SFRF must meet applicable federal law and guidance for the ARPA funds. *The ARPA grant funding will cover one hundred percent (100%) of eligible, stormwater study, design or plan costs from the S.L. 2021-180 appropriation.*

Accordingly, enclosed are two (2) copies of an "offer-and-acceptance" document extending the **Town of Nags Head** a **funding award** in the total amount of **$400,000**. This award is made by the Division subject to the *"Assurances"* and *"Conditions"* set forth in the enclosed offer-and-acceptance document.

Upon your acceptance, please submit the following items to the Division, and addressed directly to the attention of **Pam Whitley**, Division of Water Infrastructure, 1633 Mail Service Center, Raleigh NC 27699-1633 (Pam.Whitley@deq.nc.gov):

1. A resolution (sample copy attached), adopted by your governing body, accepting the ARPA grant offer, and making the applicable assurances contained therein; and

2. One (1) original copy of the "offer-and-acceptance" document, executed by the designated Authorized Representative for the project, along with the signed "Standard Conditions" and "Assurances". Please retain the fully executed, second original copy for your files.

**Reimbursement requests** must be prepared using our standardized reimbursement-request form. A reference copy of this form has been enclosed for your convenience. You are free to reproduce this form should additional copies be needed. Reimbursement requests shall be forwarded to a DWI Accountant at DWI.Businessoffice@deq.nc.gov. *Once work referenced within the approved scoping document commences, an*

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*updated, fully-completed, current and signed/dated copy of our Reimbursement Request Form must be submitted with all reimbursement requests.*

Finally, regarding reimbursements, please note the following:

Disbursement is based on the progress made on the project**.** To obtain payment, you must document the expenditures for which the payment is requested. Final disbursement (10%) will be made only after receiving a final deliverables documenting the completion and findings of the study, as approved herein. **All costs incurred prior to March 3, 2021, are not eligible for ARPA funds, and all ARPA funds must be expended prior to December 31, 2026.**

On behalf of the Department of Environmental Quality, I am pleased to make this offer of ARPA funds, made available by the SFRF. If you have any questions, please contact Karin Britt by telephone at 919.707.3889 or by email at karin.britt@deq.nc.gov.

Sincerely,

DocuSigned by:
6300A872077B4C5...

Shadi Eskaf, Director
Division of Water Infrastructure, NCDEQ

Enclosures:
ARPA Grant Offer-and-Acceptance Document (2 copies)
Reimbursement-Request Form
Resolution-to-Accept ARPA Grant Offer (suggested format)
Professional Engineering Services Procurement Certification
Sales-Tax Certification Form

cc:
Amy Miller, Deputy Town Manager/Financial Director, amy.miller@nagsheadnc.gov
Hunter Freeman, P.E., McAdams, freeman@mcadamsco.com
Antonio Evans, DWI (DWI, via e-mail)
Mark Hubbard, P.E., (DWI, via e-mail)
Jason Robinson P.E. (DWI, via e-mail)
Karin Britt (DWI, via e-mail)
DWI Administrative Unit (DWI, via e-mail)
Pam Whitley, (DWI, via e-mail)
Jennifer House, (DWI, via e-mail)
ARPA File (**EREID – ERAL**)
Project Agreement #: 2000069477

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**STATE OF NORTH CAROLINA**
**DEPARTMENT OF ENVIRONMENTAL QUALITY**
**DIVISION OF WATER INFRASTRUCTURE**

## Funding Offer and Acceptance – Stormwater Planning Grant

**Legal Name and Address of Award Recipient (i.e., Applicant):**

Town of Nags Head
P.O. Box 99
Nags Head, North Carolina 27959

**Project Number:** SRP-SW-ARP-0102
**UEID#:** QHFXEKKHA8R3
**Assistance Listing Number:** 21.027

**Funding Program:**

| | | Additional Amount for Funding Increases | Previous Total | Total Offered |
|---|---|---|---|---|
| **Drinking Water** | ☐ | | | |
| **Stormwater** | ☒ | | | |
| **Wastewater** | ☐ | | | |
| American Rescue Plan Act (ARPA) Grant | ☒ | -- | -- | $400,000 |

**Project Description:**

*Stormwater Master Plan Update*

**Total Financial Assistance Offer:** **$400,000**
Total Project Cost: $400,000
**Estimated Closing Fee:** **$ - 0 -**

---

Pursuant to North Carolina Session Law 2021-180:

- The Applicant is eligible under Federal and State law;
- The Project is eligible under Federal and State law; and
- The Project has been approved by the Department of Environmental Quality as having sufficient priority to receive financial assistance.

The Department of Environmental Quality, acting on behalf of the State of North Carolina, hereby offers the financial assistance described in this document.

For The State of North Carolina: **Shadi Eskaf, Director, Division of Water Infrastructure**
**North Carolina Department of Environmental Quality**

DocuSigned by:
Shadi Eskaf
6300A872077B4C5...
Signature

12/4/2023
Date

On Behalf of: Town of Nags Head
Name of Representative in Resolution: _____
Title (Type or Print): _____

I, the undersigned, being duly authorized to take such action, as evidenced by the attached CERTIFIED COPY OF AUTHORIZATION BY THE APPLICANT'S GOVERNING BODY, do hereby accept this Financial Award Offer and will comply with the Assurances and the Standard Conditions.

Signature

Date

DocuSign Envelope ID: C3CE9C5C-06CB-418F-9664-85D33CEF3492

## STANDARD CONDITIONS

1. Acceptance of this funding offer does not exempt the Applicant from complying with requirements stated in the U.S. Treasury's Final Rule for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and the SLFRF Compliance and Reporting Guidance (not explicitly referred to in this document) and any future requirements implemented by the U.S. Treasury.

2. Applicants shall comply fully with Subpart C of 2 CFR Part 180 entitled, "Responsibilities of Participants Regarding Transactions Doing Business with Other Persons," as implemented and supplemented by 2 CFR Part 1532. The Applicant is responsible for ensuring that any lower-tier-covered transaction, as described in Subpart B of 2 CFR Part 180, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. The Applicant is responsible for further requiring the inclusion of a similar term or condition in any subsequent, lower-tier-covered transactions. Applicants may access suspension and debarment information at: http://www.sam.gov. This system allows applicants the means to perform searches determining whether an entity or individual is excluded from receiving federal assistance.

3. The Uniform Guidance 2 CFR 200.317 through 2 CFR 200.327 gives minimum requirements for procurement, with 2 CFR 200.319(b) addressing engineering services procurement guidelines. ARPA-funded projects also must adhere to North Carolina (NC) State law, specifically NC General Statute (NCGS) §143-64.31, Article 3D, Procurement of Architectural, Engineering, and Surveying (A/E) Services. NCGS §143-64.32 cannot be used to exempt funding recipients (i.e., applicants) from a qualification-based selection for A/E. The State provides applicable certification forms that must be completed prior to receiving funds for any engineering services covered under this funding offer.

4. Local government units designated as "distressed" must complete the associated requirements of NCGS §159G-45(b).

5. Funds made available by the ARPA to the entity accepting the funds in this document (i.e., the Applicant) must only cover eligible costs incurred on or after March 3, 2021. Funds that are not disbursed by December 31st, 2026, will no longer be available for the project. Unused federal funds will revert from the State of North Carolina to the U.S. Treasury.

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**ASSURANCES**

1. The Applicant intends to complete the project in accordance with the Application approved for financial assistance by the Division of Water Infrastructure.

2. The Applicant is responsible for paying for those costs ineligible for ARPA funding including, but not limited to, any amount in excess of the amount of this funding offer. The Applicant agrees to establish and to maintain a financial management system that adequately accounts for revenues and expenditures. Adequate accounting and fiscal records shall be maintained during the completion of the project, and these records shall be retained and made available for a period of at least three (3) years following completion of the project.

3. All ARPA funds shall be expended solely for carrying out the approved project, and an audit shall be performed in accordance with NCGS §159-34. Partial disbursements on this Award will be made promptly, upon request, subject to adequate documentation of incurred eligible costs, and subject to the Applicant's compliance with the Standard Conditions of this Award. The Applicant agrees to make prompt payment to its professional services' provider(s), and to retain only such amount(s) as allowed by NCGS.

4. The Applicant shall expend all of the requisitioned funds for the purpose of paying the costs of the project within three (3) banking days following the receipt of the funds from the State.

5. Funds must be spent fully (i.e., fully reimbursed to the Applicant) by December 31st, 2026.

**Acknowledgement of Standard Conditions and Assurances**

The Applicant hereby gives assurance to the Department of Environmental Quality that the declarations, assurances, representations, and statements made by the Applicant in the Application, and all documents, amendments, and communications filed with the Department of Environmental Quality by the Applicant in support of its request for financial assistance, shall be fulfilled.

| | |
|---|---|
| ---------- | ---------- |
| Signature | Date |

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# REIMBURSEMENT REQUEST FORM

## NC Division of Water Infrastructure

**Funding Recipient:**_____
**DWI Project No.**_____

**Payment No.**_____ **Page No.** _____
**Period Covered From:**_____ **To:** _____

| *CONSTRUCTION* *(Rename as appropriate)* | *Cumulative Cost to Date* | *Minus Ineligibles* | *Minus Overruns Not App'd By Change Order* | **Subtotal of Payable Cost** | *Minus Retainage on Payable Cost* | *Minus Cumulative Sales Tax* | *Other Adjustments (Other Funds e.g.)* | *Minus Previously Paid to Date* | **Requested For This Pay Request** |
|---|---|---|---|---|---|---|---|---|---|
| **Contract 1** | **$1,200,000** | **($100,000)** | **($100,000)** | **$1,000,000** | **($50,000)** | **($50,000)** | **($500,000)** | **($300,000)** | **$100,000** |
| **Contract 2** | **$505,000** | | **($5,000)** | **$500,000** | **($25,000)** | **($10,000)** | | **($400,000)** | **$65,000** |
| **Contract 3** | | | | | | | | | |
| **Contract 4** | | | | | | | | | |
| **Contract 5** | | | | | | | | | |

| *ENGINEERING* *(Rename as appropriate)* | *Cumulative Cost to Date* | *Other Adjustments (Other Funds e.g.)* | *Minus Previoulsy Paid to Date* | **Requested For This Pay Request** |
|---|---|---|---|---|
| **Item 1** | **$250,000** | | **($250,000)** | **$0** |
| **Item 2** | | | | |
| **Item 3** | | | | |
| **Item 4** | | | | |

| *OTHER COSTS* *(Rename as Appropriate )* | *Cumulative Cost to Date* | *Other Adjustments (Other Funds e.g.)* | *Minus Previously Paid to Date* | **Requested For This Pay Request** |
|---|---|---|---|---|
| **Item 1** | | | | |
| **Item 2** | | | | |
| **Item 3** | | | | |

| *PAY REQUEST TOTALS* | *Cumulative Cost to Date* | *Minus Ineligibles* | *Minus Overruns Not App'd By Change Order* | | *Minus Retainage on Payable Cost* | *Minus Cumulative Sales Tax* | *Other Adjustments (Other Funds e.g.)* | *Minus Previously Paid to Date* | **Total Requested For This Pay Request** |
|---|---|---|---|---|---|---|---|---|---|
| | **$1,955,000** | **($100,000)** | **($105,000)** | | **($75,000)** | **($60,000)** | **($500,000)** | **($950,000)** | **$165,000** |

*Grant Percentage for SRP Projects:* %

**Certification**

**- I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with terms of the project and that this request represents the monies due which have not been previously received and that an inspection has been performed and all work is in accordance with the terms and conditions of the award.**
**- For applicable SRF projects, the project remains in compliance with Davis-Bacon and American Iron and Steel conditions or is the process of remediating noncompliance.**

**You must check ONE of the boxes below or your payment will not be processed:**

The funds requested above have already been paid to the respective vendors, consultants & contractors by the funding recipient ☐

**OR**

The funds requested above have not been paid to the respective vendors, consultants & contractors.
Funds received from the State will be disbursed to these entities within three (3) banking days. ☐

**Type or Print Name and Title** **Signature of Authorized Representative** **Date**

**DWI comments**

***Instructions and notes on how to use this form***

- Complete guidance for preparing reimbursements can be found in section G.2. of the North Carolina SRF Program Overiew and Guidance that was included with your Funding offer (applicable to State grants and loans too) .
- **The form, as downloaded, is filled out with sample numbers. It is suggested that the sample be used as a reference (saved or printed).**
- Please submit ONE COPY of this form and backup documents when requesting funds.
- Only the Authorized Representive can sign this form, unless declared otherwise in a resolution.
- Construction contract line item overruns and engineering contract overruns must have approved change orders or engineering amendments before those costs will be paid.

Rev 12/13/16

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*(Suggested Format)*

**RESOLUTION BY GOVERNING BODY OF RECIPIENT**

**WHEREAS,** the American Rescue Plan Act (ARPA), funded from the State Fiscal Recovery Fund, was established in Session Law (S.L.) 2021-180 to assist eligible units of local government with meeting their drinking water and/or wastewater and/or stormwater infrastructure needs, and

**WHEREAS,** the North Carolina Department of Environmental Quality has offered LASII ARPA funding in the amount of **$**_____ to perform the work detailed in the submitted application, and

**WHEREAS,** the **(unit of local government)** intends to perform said project in accordance with the agreed scope of work,

**NOW, THEREFORE, BE IT RESOLVED BY THE (GOVERNING BODY'S NAME) OF THE (UNIT OF LOCAL GOVERNMENT):**

That the **(unit of local government)** does hereby accept the ARPA grant offer of **$**_____; and

That the **(unit of local government)** does hereby give assurance to the North Carolina Department of Environmental Quality that any *Conditions* or *Assurances* contained in the *Funding Offer and Acceptance* (award offer) will be adhered to; has substantially complied, or will substantially comply, with all federal, State of North Carolina (State), and local laws, rules, regulations, and ordinances applicable to the project; and to federal and State grants and loans pertaining thereto; and

That **(name and title of authorized representative)**, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with this project; to make the assurances as contained above; and to execute such other documents as may be required by the North Carolina Department of Environmental Quality, Division of Water Infrastructure.

Adopted this the (date adopted) at (place), North Carolina.

***(Signature of Chief Executive Officer)***

***Date***

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# NC DEQ Division of Water Infrastructure
# Professional Engineering Services Procurement

Section 602(b)(14) of the Clean Water Act requires projects receiving Clean Water State Revolving Fund funding to comply with engineering procurement guidelines. North Carolina Session Law 2021-180 authorizes the Division of Water Infrastructure (Division) to award grant funds from the American Rescue Plan Act (ARPA) State Fiscal Recovery Fund for drinking water, wastewater, and stormwater infrastructure projects. The Uniform Guidance 2 CFR 200.317 through 2 CFR 200.327 gives minimum requirements for procurement, with 2 CFR 200.319(b) addressing engineering services procurement guidelines.

To comply, you must follow North Carolina General Statute 143-64.31, Article 3D Procurement of Architectural, Engineering, and Surveying Services. You cannot exempt yourself using NCGS 143-64.32. Complete and sign this form and provide the information indicated to ensure that engineering services for your project are eligible for reimbursement.

**Applicant:** Click or tap here to enter text.

**Project Name:** Click or tap here to enter text.

**Division Funding Number:** Click or tap here to enter text.

---

1) List the basic services being provided: (i.e., planning, design, inspection etc.)
   Click or tap here to enter text.
2) Describe the method of announcement for the project.
   Click or tap here to enter text.
3) List the firms the announcement was discussed with or that proposals were received from in order of quality.
   Click or tap here to enter text.
4) Was a contract negotiated with the best qualified firm? ☐ Yes ☐ No (Check one)
   If no, explain why.
   Click or tap here to enter text.

**NOTE:** Documentation of Qualification-Based-Selection of Engineering Services shall be provided to the Division upon request (to include announcement and qualifications requested).

By signing below, I Click or tap here to enter text., the Authorized Representative designated for this project in the project application, attest that the contract pricing, as seen in the attached contract(s), contains pricing that is fair and reasonable based on scope, complexity, professional nature, and the estimated value of the services being provided and the firm selected, was selected based on their qualifications.

_____
(signed name, title and date)

(DWI staff use only – Check and initial here if debarment status checked and firm is NOT debarred ☐ _____)

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| | |
|---|---|
| **Clean Water Act, Section 602(b)(14)** | (14) a contract to be carried out using funds directly made available by a capitalization grant under this title for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services shall be negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States Code, or an equivalent State qualifications-based requirement (as determined by the Governor of the State).<br><br>From: water_resources_reform_and_development_act_guidance.pdf (epa.gov)<br>*The requirements of 40 U.S.C. 1101 et seq. are:*<br>• *Public announcement of the solicitation (e.g., a Request for Qualifications);*<br>• *Evaluation and ranking of the submitted qualifications statements based on established, publicly available criteria (e.g., identified in the solicitation); o Evaluation criteria should be based on demonstrated competence and qualification for the type of professional services required (e.g., past performance, specialized experience, and technical competence in the type of work required);*<br>• *Discussion with at least three firms to consider anticipated concepts and compare alternative methods for furnishing services;*<br>• *Selection of at least three firms considered to be the most highly qualified to provide the services required; and*<br>• *Contract negotiation with the most highly qualified firm to determine compensation that is fair and reasonable based on a clear understanding of the project scope, complexity, professional nature, and the estimated value of the services to be rendered;*<br>▪ *In the event that a contract cannot be negotiated with the most highly qualified firm, negotiation continues in order of qualification.* |
| **Uniform Guidance 2 CFR 200.319(b)** | **Competition.**<br><br>The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. |
| **NC General Statute 143-64.31** | **Procurement of Architectural, Engineering, and Surveying Services (NC "Mini-Brooks")**<br><br>…It is the public policy of this State… and Local Governmental Units…, to announce all requirements for architectural, engineering, surveying, construction management at risk services, design-build services,…, to select firms qualified to provide such services on the basis of demonstrated competence and qualification for the type of professional services required without regard to fee other than unit price information at this stage, and thereafter to negotiate a contract for those services at a fair and reasonable fee with the best qualified firm. If a contract cannot be negotiated with the best qualified firm, negotiations with that firm shall be terminated and initiated with the next best qualified firm. … |

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| | |
|---|---|
| **NC General Statute 143-64.32** | **NOTE: CWSRF and ARPA funding: NCGS 143-64.32 cannot be used to exempt a local government unit from abiding by NCGS 143-63.31. This is because there is no minimum dollar exemption allowed in the Federal Brooks Act, the Clean Water Act Section 602(b)(14), or 2 CFR 200.319.**<br><br>**Written exemption of particular contracts.**<br><br>Units of local government or the North Carolina Department of Transportation may in writing exempt particular projects from the provisions of this Article in the case of proposed projects where an estimated professional fee is in an amount less than fifty thousand dollars ($50,000). (1987, c. 102, s. 2; 2013-401, s. 2.) |
| **21 NCAC 56.0701(f)** | SECTION .0700 – RULES OF PROFESSIONAL CONDUCT, adopted in accordance with NC General Statute 89C-20 (Board Rules for Professional Engineers, etc.)<br><br>(f) A licensee shall solicit or accept work only on the basis of qualifications and:<br>(1) Shall not offer to pay, either directly or indirectly, any commission, political contribution, gift, or other consideration in order to secure work, exclusive of securing salaried positions through employment agencies;<br>(2) Shall compete for employment on the basis of professional qualification and competence to perform the work. The licensee shall not solicit or submit proposals for professional services containing a false, fraudulent, misleading, deceptive or unfair statement or claim regarding the cost, quality or extent of services to be rendered;<br>(3) Shall, with regard to fee bidding on public projects, comply with the provisions of G.S. 143-64.31 et seq., (or for federal projects, the Brooks Act, 40 U.S. Code 541 et seq.) and shall not knowingly cooperate in a violation of any provision of G.S. 143-64.31 et seq. (or of 40 U.S. Code 541 et seq.);<br>… |

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# SALES-TAX REIMBURSEMENT CERTIFICATION FORM

(FOR FUNDING PROGRAMS IN THE DIVISION OF WATER INFRASTRUCTURE)

Applicant:_____

Project Number:_____

☐ Check If Applicant is not a unit of government under North Carolina law

***If Applicant noted above is a Unit of Government in North Carolina, check the applicable box below.***

Sales Tax **IS** deducted in this scenario. Please show this on the disbursement requests.

☐ The project includes sales taxes related to the purchase of equipment or the provision of applicable services, and the unit of government will request reimbursement from the DOR.

Sales Tax **IS NOT** deducted in either of these scenarios.

☐ The project includes sales taxes related to the purchase of equipment or the provision of applicable services, and the unit of government will not request reimbursement from the DOR.

☐ The project will not include sales taxes.

_____

(Printed Name and Title of Authorized Representative)

_____

(Signature of Authorized Representative)

_____

(Date)

Submit to: NC Dept. of Environmental Quality
Division of Water Infrastructure
Pam Whitley, Grant Management Unit
1633 Mail Service Center
Raleigh, NC 27699-1633

# Agenda Item Summary Sheet

Item No: **E-5**
Meeting Date: **January 3, 2024**

**Item Title**: Consideration of Pay Plan and Organizational Chart Change

**Item Summary**:

Overview
Currently, the Fleet Maintenance Division has a staff of four which includes the following positions: Superintendent, Sr. Fleet Mechanic and two Fleet Mechanics. Staff requests to re-align the structure of the Fleet Maintenance Division to add a Crew Lead position and allow for a maximum of two headcount between the existing classifications of Fleet Mechanic and Sr. Fleet Mechanic. This does not increase headcount; however, it provides promotional opportunities for current staff and recognizes the level of expertise and responsibility of our staff (~10% pay increase over a 6-month period). This structure is similar to Facilities Maintenance and would allow better organization and distribution of work for the Fleet Maintenance team, creating enhanced support for the Nags Head vehicle and equipment fleet. The cost of this proposal for FY 2024 is ~$7,000. Additional costs would be included in the FY 2025 budget.

Requested Changes
1. Add a position classification for a Fleet Crew Lead at a Grade 9.

2. Maintain the current classifications of Fleet Mechanic (Grade 7) and Sr. Fleet Mechanic (Grade 8). Allow the total headcount between the two Grades not to exceed two. Currently, the headcount max at Fleet Mechanic is two, and the headcount max for Sr. Fleet Mechanic is one.

Number of Attachments: 3

**Specific Action Requested**:
Approval of Pay Plan and Organizational Chart Change.

Submitted By: Administrative Services Date: December 19, 2023

**Finance Officer Comment**:

Signature: Amy Miller Date: December 19, 2023

**Town Attorney Comment**:
N/A

Signature: John Leidy Date: December 19, 2023

**Town Manager Comment and/or Recommendation**:
These changes are recommended as part of the town's ongoing efforts to maintain internal and external competitiveness.

Signature: Andy Garman Date: December 19, 2023

# Public Services - Fleet

| Classification | Grade | Time in Level | Performance Evaluations | Training | Additional Duties / Impact |
|---|---|---|---|---|---|
| Fleet Mechanic I | 7 | | | | Base job description |
| Fleet Mechanic II | 7 | 1 year at Mechanic I | Must meet expectations on most recent annual evaluation | ~ IS-100 (Intro to Incident Command System)<br>~ IS-700 (Intro to National Incident Mgmt System)<br>~ Pass 1 ASE Test (Auto or Truck) | ~ Emergency readiness and reponse<br>~ Operate and repair most equipment classes |
| Fleet Mechanic III | 7 | 2 years at Mechanic II | Must meet expectations on most recent annual evaluation | ~ Pass 1 ASE Test (2 total)<br>~ Welding Certification (COA) | ~ Additional knowledge in auto maintenance and repair<br>~ Advanced welding |
| Fleet Mechanic IV | 7 | 3 years at Mechanic III | Must meet expectations on most recent annual evaluation | ~ Pass 1 ASE Test (3 total)<br>~ Master ASE Auto Tech Cert | ~ Additional knowledge in auto maintenance and repair |

| Classification | Grade | Time in Level | Performance Evaluations | Training | Additional Duties / Impact |
|---|---|---|---|---|---|
| Sr Fleet Mechanic I | 8 | | | | Base job description |
| Sr Fleet Mechanic II | 8 | 1 year at Sr Mechanic I | Must meet expectations on most recent annual evaluation | ~ IS-100 (Intro to Incident Command System)<br>~ IS-700 (Intro to National Incident Mgmt System)<br>~ Pass 3 ASE Tests (Auto or Truck) | ~ Emergency readiness and response<br>~ Operate and advanced repair all equipment classes |
| Sr Fleet Mechanic III | 8 | 2 years at Sr Mechanic II | Must meet expectations on most recent annual evaluation | ~ Welding Certification (COA)<br>~ 25 hours of other approved training | ~ Advanced welding |
| Sr Fleet Mechanic IV | 8 | 3 years at Sr Mechanic III | Must meet expectations on most recent annual evaluation | ~ Master ASE Truck Certification **OR**<br>~ Master Auto Tech Certification **AND**<br>~ 25 hours of other approved training | ~ Advanced knowledge in auto maintenance and repair |

| Classification | Grade | Time in Level | Performance Evaluations | Training | Additional Duties / Impact |
|---|---|---|---|---|---|
| Crew Lead | 9 | | | | Base job description |
| Crew Lead II | 9 | 1 year at Crew Lead I | Must meet expectations on most recent annual evaluation | ~ IS-100 (Intro to Incident Command System)<br>~ IS-700 (Intro to National Incident Mgmt System)<br>~ Pass 3 ASE Tests (Auto or Truck)<br>~ 25 hours of approved leadership training | ~ Emergency readiness and response<br>~ Operate and advanced repair all equipment classes<br>~ Leadership skills |
| Crew Lead III | 9 | 2 years at Crew Lead II | Must meet expectations on most recent annual evaluation | ~ Master ASE Truck Certification **OR**<br>~ Master Auto Tech Certification **AND**<br>~ Welding Certification (COA)<br>~ 25 hours of other approved training | ~ Advanced knowledge in truck maintenance and repair<br>~ Advanced welding |
| Crew Lead IV | 9 | 3 years at Crew Lead III | Must meet expectations on most recent annual evaluation | ~ Master ASE Truck Tech Certification<br>~ Master Auto Tech Certification<br>~ Certified Public Fleet Professional - APWA<br>~ 25 hours of other approved training | ~ Advanced knowledge in auto maintenance and repair<br>~ Knowledge with fleet management |

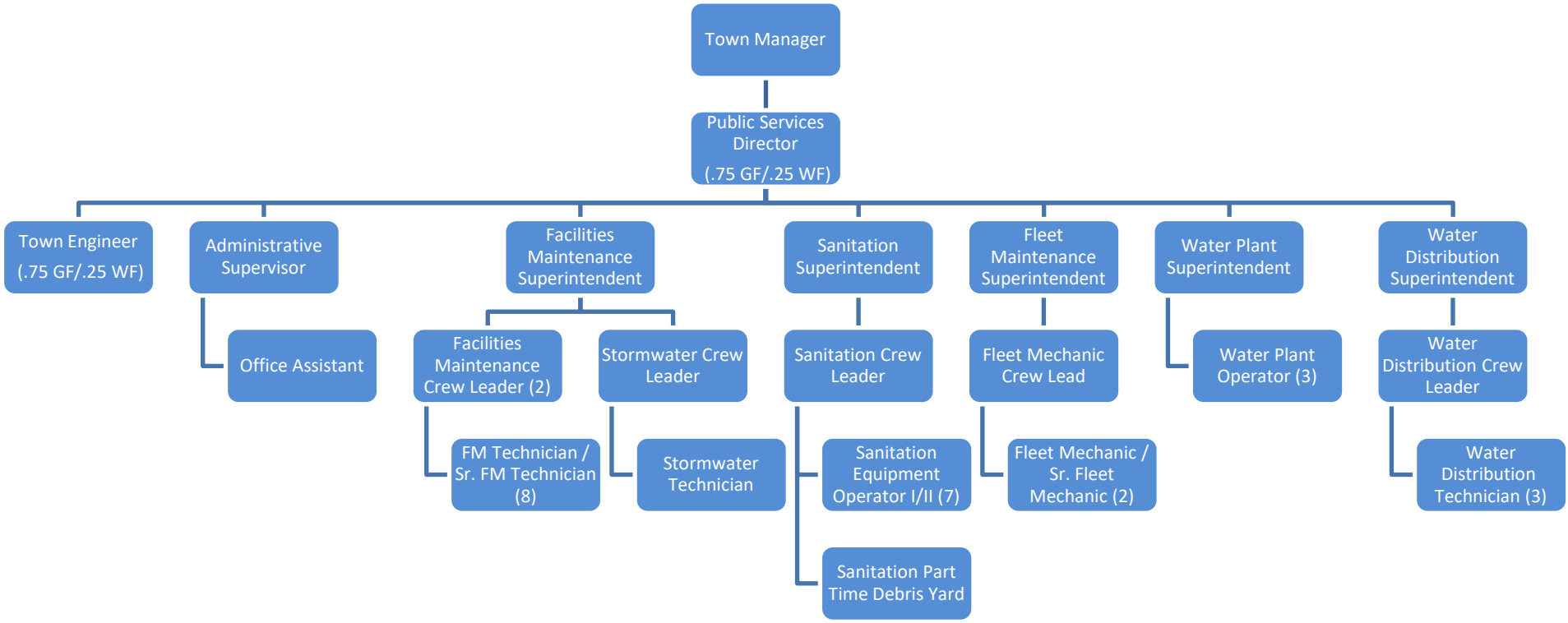
*** Equivalent training and certifications may be substituted with pre-approval from Department Head**

**Public Services - Fleet**

| Classification | Grade | Time in Level | Performance Evaluations | Training | Additional Duties / Impact |
|---|---|---|---|---|---|
| Fleet Superintendent I | 11 | | | | Base job description |
| Fleet Superintendent II | 11 | 2 years at FS I | Must meet expectations on most recent annual evaluation | ~ IS-100 (Intro to Incident Command System)<br>~ IS-200 (Basic ISC for Initial Response)<br>~ IS-300 (Intermediate Incident Command System for Expanding Incidents)<br>~ IS-700 (Intro to National Incident Mgmt System)<br>~ IS-703 (National Incident Mgmr System Resource Mgmt)<br>~ ASE Masters Certificate (Auto **OR** Truck)<br>~ APWA Certified Fleet Manager Certificate<br>~ 40 hours of approved leadership training | ~ Emergency readiness & response<br>~ Operate and repair all equipment<br>~ Advanced knowledge in auto or truck repair<br>~ Knowledge of fleet management<br>~ Leadership skills |
| Fleet Superintendent III | 11 | 3 years at FS II | Must meet expectations on most recent annual evaluation | ~ IS-800 (National Response Framework)<br>~ Certified Public Works Professional - Supervisor or Mgmt<br>~ ASE Masters Certificate (Auto **AND** Truck) | ~ Emergency readiness & response<br>~ Advanced knowledge in auto and truck repair<br>~ Advanced public works mgmt knowledge |

*** Equivalent training and certifications may be substituted with pre-approval from Department Head**

# PUBLIC SERVICES ORGANIZATION AND STAFFING



Town of Nags Head
Salary Schedule 2023-2024

Town of Nags Head Salary Schedule July 1, 2023 - June 30, 2024

| GRADE | HIRING RATE | MINIMUM | MID POINT | MAXIMUM | GRADE |
|---|---|---|---|---|---|
| 1 | 38,236 | 40,147 | 49,706 | 59,264 | 1 |
| 2 | 40,147 | 42,156 | 52,193 | 62,229 | 2 |
| 3 | 42,156 | 44,264 | 54,803 | 65,341 | 3 |
| 4 | 44,264 | 46,477 | 57,543 | 68,608 | 4 |
| 5 | 46,477 | 48,800 | 60,420 | 72,039 | 5 |
| 6 | 48,800 | 51,240 | 63,440 | 75,639 | 6 |
| 7 | 51,240 | 53,802 | 66,612 | 79,422 | 7 |
| 8 | 53,802 | 56,492 | 69,943 | 83,393 | 8 |
| 9 | 56,492 | 59,317 | 73,440 | 87,563 | 9 |
| 10 | 59,317 | 62,283 | 77,112 | 91,941 | 10 |
| 11 | 62,283 | 65,397 | 80,968 | 96,539 | 11 |
| 12 | 65,397 | 68,667 | 85,017 | 101,367 | 12 |
| 13 | 68,667 | 72,101 | 89,268 | 106,434 | 13 |
| 14 | 72,101 | 75,706 | 93,731 | 111,756 | 14 |
| 15 | 75,706 | 79,492 | 98,418 | 117,344 | 15 |
| 16 | 79,492 | 83,466 | 103,339 | 123,212 | 16 |
| 17 | 83,466 | 87,639 | 108,506 | 129,373 | 17 |
| 18 | 87,639 | 92,021 | 113,931 | 135,841 | 18 |
| 19 | 92,021 | 96,622 | 119,628 | 142,633 | 19 |
| 20 | 96,622 | 101,454 | 125,610 | 149,766 | 20 |
| 21 | 101,454 | 106,528 | 131,892 | 157,255 | 21 |
| 22 | 106,527 | 111,854 | 138,486 | 165,118 | 22 |

Nags Head Grade List
2023-2024

| Town of Nags Head Grade List July 1, 2023 - June 30, 2024 | | | | |
|---|---|---|---|---|
| | | HIRING | | |
| GRADE | CLASSIFICATION | RATE | MINIMUM | MAXIMUM |
| 1 | | 38,236 | 40,147 | 59,264 |
| | | | | |
| 2 | | 40,147 | 42,156 | 62,229 |
| | | | | |
| 3 | Customer Services Representative | 42,156 | 44,264 | 65,341 |
| | Office Assistant | | | |
| | | | | |
| 4 | Administrative Specialist | 44,264 | 46,477 | 68,608 |
| | Facilities Maintenance Technician | | | |
| | Sanitation Equipment Operator Trainee | | | |
| | Water Distribution Technician | | | |
| | Water Plant Operator | | | |
| | | | | |
| 5 | Accounts Payable Specialist | 46,477 | 48,800 | 72,039 |
| | Permit Specialist | | | |
| | Water Billing Specialist | | | |
| | | | | |
| 6 | Deputy Town Clerk | 48,800 | 51,240 | 75,639 |
| | Payroll Specialist | | | |
| | Permitting Coordinator | | | |
| | Sanitation Equipment Operator | | | |
| | Senior Facilities Maintenance Technician | | | |
| | Stormwater Technician | | | |
| | | | | |
| 7 | Event Planner | 51,240 | 53,802 | 79,422 |
| | Facility Maintenance Crew Leader | | | |
| | Fire Fighter/EMT | | | |
| | Fleet Mechanic | | | |
| | Office Manager | | | |
| | Sanitation Crew Leader | | | |
| | Stormwater Crew Leader | | | |
| | Water Distribution Crew Leader | | | |
| | | | | |
| 8 | Police Officer | 53,802 | 56,492 | 83,393 |
| | Fire Engineer | | | |
| | Senior Fleet Mechanic | | | |
| | Administrative Supervisor | | | |

Nags Head Grade List
2023-2024

| Town of Nags Head Grade List July 1, 2023 - June 30, 2024 | | | | |
|---|---|---|---|---|
| | | HIRING | | |
| GRADE | CLASSIFICATION | RATE | MINIMUM | MAXIMUM |
| | | | | |
| 9 | Code Compliance Officer | 56,492 | 59,317 | 87,563 |
| | Environmental Planner | | | |
| | Fire Lieutenant | | | |
| | Fleet Crew Leader | | | |
| | Police Detective | | | |
| | Police Systems Administrator | | | |
| | Tax Collector | | | |
| | | | | |
| 10 | Building Inspector I | 59,317 | 62,283 | 91,941 |
| | Planner | | | |
| | | | | |
| 11 | Building Inspector II | 62,283 | 65,397 | 96,539 |
| | Facilities Maintenance Superintendent | | | |
| | Fire Captain | | | |
| | Fleet Maintenance Superintendent | | | |
| | Police Sergeant | | | |
| | Sanitation Superintendent | | | |
| | Water Distribution Superintendent | | | |
| | Water Operations Superintendent | | | |
| | | | | |
| 12 | Building Inspector III | 65,397 | 68,667 | 101,367 |
| | IT Administrator | | | |
| | Ocean Rescue Supervisor/Firefighter | | | |
| | Public Information Officer | | | |
| | | | | |
| 13 | Town Clerk | 68,667 | 72,101 | 106,434 |
| | | | | |
| 14 | Chief Building Inspector | 72,101 | 75,706 | 111,756 |
| | Police Lieutenant | | | |
| | | | | |
| 15 | | 75,706 | 79,492 | 117,344 |
| | | | | |
| 16 | Deputy Finance Director | 79,492 | 83,466 | 123,212 |
| | Deputy Fire Chief | | | |
| | Deputy Planning Director | | | |
| | Deputy Police Chief | | | |
| | Deputy Public Services Director | | | |
| | Human Resources Officer | | | |
| | | | | |
| 17 | | 83,466 | 87,639 | 129,373 |

Nags Head Grade List
2023-2024

| Town of Nags Head Grade List July 1, 2023 - June 30, 2024 | | | | |
|---|---|---|---|---|
| | | **HIRING** | | |
| **GRADE** | **CLASSIFICATION** | **RATE** | **MINIMUM** | **MAXIMUM** |
| | | | | |
| 18 | | 87,639 | 92,021 | 135,841 |
| | | | | |
| 19 | Town Engineer | 92,021 | 96,622 | 142,633 |
| | | | | |
| 20 | Fire Chief | 96,622 | 101,454 | 149,766 |
| | Planning and Development Director | | | |
| | Police Chief | | | |
| | Public Services Director | | | |
| | | | | |
| 21 | | 101,454 | 106,528 | 157,255 |
| | | | | |
| 22 | Deputy Town Manager/Finance Officer | 106,527 | 111,854 | 165,118 |
| | | | | |

Nags Head Class List
2023-2024

Town of Nags Head Class List July 1, 2023 - June 30, 2024

| GRADE | CLASSIFICATION | HIRING RATE | MAXIMUM |
|---|---|---|---|
| 5 | Accounts Payable Specialist | 46,477 | 72,039 |
| 4 | Administrative Specialist | 44,264 | 68,608 |
| 8 | Administrative Supervisor | 53,802 | 83,393 |
| | | | |
| 10 | Building Inspector I | 59,317 | 91,941 |
| 11 | Building Inspector II | 62,283 | 96,539 |
| 12 | Building Inspector III | 65,397 | 101,367 |
| | | | |
| 14 | Chief Building Inspector | 72,101 | 111,756 |
| 9 | Code Compliance Officer | 56,492 | 87,563 |
| ~~1~~ | ~~Custodian~~ | ~~38,236~~ | ~~59,264~~ |
| 3 | Customer Services Representative | 42,156 | 65,341 |
| | | | |
| 16 | Deputy Finance Director | 79,492 | 123,212 |
| 16 | Deputy Fire Chief | 79,492 | 123,212 |
| 16 | Deputy Planning Director | 79,492 | 123,212 |
| 16 | Deputy Police Chief | 79,492 | 123,212 |
| 16 | Deputy Public Services Director | 79,492 | 123,212 |
| 6 | Deputy Town Clerk | 48,800 | 75,639 |
| 22 | Deputy Town Manager/Finance Officer | 106,527 | 165,118 |
| | | | |
| 9 | Environmental Planner | 56,492 | 87,563 |
| 7 | Event Planner | 51,240 | 79,422 |
| | | | |
| 7 | Facilities Maintenance Crew Leader | 51,240 | 79,422 |
| 11 | Facilities Maintenance Superintendent | 62,283 | 96,539 |
| 4 | Facilities Maintenance Technician | 44,264 | 68,608 |
| 11 | Fire Captain | 62,283 | 96,539 |
| 20 | Fire Chief | 96,622 | 149,766 |
| 8 | Fire Engineer | 53,802 | 83,393 |
| 9 | Fire Lieutenant | 56,492 | 87,563 |
| 7 | Fire Fighter/EMT | 51,240 | 79,422 |
| 9 | Fleet Crew Leader | 56,492 | 87,563 |
| 11 | Fleet Maintenance Superintendent | 62,283 | 96,539 |
| 7 | Fleet Mechanic | 51,240 | 79,422 |
| | | | |
| 16 | Human Resources Officer | 79,492 | 123,212 |

Nags Head Class List
2023-2024

Town of Nags Head Class List July 1, 2023 - June 30, 2024

| GRADE | CLASSIFICATION | HIRING RATE | MAXIMUM |
|---|---|---|---|
| 12 | IT Administrator | 65,397 | 101,367 |
| 12 | Ocean Rescue Supervisor/Firefighter | 65,397 | 101,367 |
| 3 | Office Assistant | 42,156 | 65,341 |
| 7 | Office Manager | 51,240 | 79,422 |
| 6 | Payroll Specialist | 48,800 | 75,639 |
| 5 | Permit Specialist | 46,477 | 72,039 |
| 6 | Permitting Coordinator | 48,800 | 75,639 |
| 10 | Planner | 59,317 | 91,941 |
| 20 | Police Chief | 96,622 | 149,766 |
| 9 | Police Detective | 56,492 | 87,563 |
| 14 | Police Lieutenant | 72,101 | 111,756 |
| 8 | Police Officer | 53,802 | 83,393 |
| 20 | Planning and Development Director | 96,622 | 149,766 |
| 11 | Police Sergeant | 62,283 | 96,539 |
| 12 | Public Information Officer | 65,397 | 101,367 |
| 20 | Public Services Director | 96,622 | 149,766 |
| 7 | Sanitation Crew Leader | 51,240 | 79,422 |
| 6 | Sanitation Equipment Operator | 48,800 | 75,639 |
| 4 | Sanitation Equipment Operator Trainee | 44,264 | 68,608 |
| 11 | Sanitation Superintendent | 62,283 | 96,539 |
| 6 | Senior Facilities Maintenance Technician | 48,800 | 75,639 |
| 8 | Senior Fleet Mechanic | 53,802 | 83,393 |
| 7 | Stormwater Crew Leader | 51,240 | 79,422 |
| 6 | Stormwater Technician | 48,800 | 75,639 |
| 9 | Tax Collector | 56,492 | 87,563 |
| 13 | Town Clerk | 68,667 | 106,434 |
| 19 | Town Engineer | 92,021 | 142,633 |
| 5 | Water Billing Specialist | 46,477 | 72,039 |
| 7 | Water Distribution Crew Leader | 51,240 | 79,422 |
| 11 | Water Distribution Superintendent | 62,283 | 96,539 |
| 4 | Water Distribution Technician | 44,264 | 68,608 |
| 4 | Water Plant Operator | 44,264 | 68,608 |
| 11 | Water Operations Superintendent | 62,283 | 96,539 |

Town of Nags Head Seasonal Lifeguard Pay Plan 2024

| | Lifeguard | Lifeg/EMT | Supervisor | Supv/EMT | ActingCap | AC/EMT |
|---|---|---|---|---|---|---|
| **Base Starting Salary** | $18.00 | $19.00 | $19.25 | $20.25 | $20.50 | $21.50 |
| 1 returning year | $18.25 | $19.25 | $19.50 | $20.50 | $20.75 | $21.75 |
| 2 returning year | $18.50 | $19.50 | $19.75 | $20.75 | $21.00 | $22.00 |
| 3 returning year | $18.75 | $19.75 | $20.00 | $21.00 | $21.25 | $22.25 |
| 4 returning year | $19.00 | $20.00 | $20.25 | $21.25 | $21.50 | $22.50 |
| 5 returning year | $19.25 | $20.25 | $20.50 | $21.50 | $21.75 | $22.75 |

| **Seasonal Bonus** | |
|---|---|
| ***Requirement: Minimum 600 hours worked during season*** | **Amount** |
| Full-Time Non-Supervisory Positions | $600 |
| Part-Time Supervisors (at least 100 hours as acting supervisor) | $750 |
| Full-Time Supervisor (at least 500 hours as a supervisor) | $1,000 |

**Labor Day Incentive Pay**

Ocean Guards are eligible for an additional bonus equivalent to $2.00/hour for every hour worked between the dates of August 15th and Labor Day. This amount will be paid as a bonus aligning with their last paycheck, or paycheck corresponding with Labor Day, whichever is sooner. The $2.00/hour is not used to increase the hourly rate. It is solely used to determine the bonus amount.

**Returning Ocean Guards Treatment of Pay**

Ocean Guards are eligible for a $.25 increase for each returning season, up to 5 seasons. They must have worked a minimum of 600 hours the preceding season to be eligible for the increase. The increase is maxed out at 5 returning seasons (6th season with Ocean Rescue) for a maximum increase of $1.25/hour.

# Agenda Item Summary Sheet

Item No: **E-6**
Meeting Date: **January 3, 2024**

**Item Title**: Consideration of FY 2023/2024 Audit Contract with Potter & Company

**Item Summary**:

At the February 2, 2022 Board of Commissioners meeting, a contract with Potter & Company for audit services for the next five (5) years was approved with the understanding that the contract is to be submitted for Board approval each year. An approximate annual 4% inflation increase was also approved.

Number of Attachments: 1

**Specific Action Requested**:

Annual Audit contract attached for Board approval.

Submitted By: Administration Date: December 28, 2023

**Finance Officer Comment**:

Request Board approval of attached contract with Potter & Company for FY 23/24 audit services.

Signature: Amy Miller Date: December 28, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 28, 2023

**Town Manager Comment and/or Recommendation**:

Request approval of the contract renewal.

Signature: Andy Garman Date: December 28, 2023

LGC-205 **CONTRACT TO AUDIT ACCOUNTS** Rev. 11/2023

The | Governing Board: Board of Commissioners

of | Primary Government Unit: Town of Nags Head

and | Discretely Presented Component Unit (DPCU) (if applicable): N/A

*Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)*

and | Auditor Name: Potter & Company, PA

Auditor Address: 114 N Church Street, Monroe, NC 28112

*Hereinafter referred to as Auditor*

for

| Fiscal Year Ending | Date Audit Will Be Submitted to LGC |
|---|---|
| 06/30/24 | 10/31/24 |

*Must be within four months of FYE*

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended $100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.

9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. the invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/ or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;

b) the status of the prior year audit findings;

c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and

d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

## FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards,2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☐Auditor ☑Governmental Unit ☐Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

| ***Name:*** | ***Title and Unit / Company:*** | ***Email Address:*** |
|---|---|---|
| Amy Miller | Finance Director | Amy.Miller@nagsheadnc.gov |

**OR Not Applicable** ☐ *(Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)*

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

| **Primary Government Unit** | Town of Nags Head |
|---|---|
| Audit Fee (financial and compliance if applicable) | $ 48,200 |
| Fee per Major Program (if not included above) | $ N/A |
| **Additional Fees Not Included Above (if applicable):** | |
| Financial Statement Preparation (incl. notes and RSI) | $ N/A |
| All Other Non-Attest Services | $ See Engagement Letter |
| **TOTAL AMOUNT NOT TO EXCEED** | $ 48,200 |

| **Discretely Presented Component Unit** | N/A |
|---|---|
| Audit Fee (financial and compliance if applicable) | $ |
| Fee per Major Program (if not included above) | $ |
| **Additional Fees Not Included Above (if applicable):** | |
| Financial Statement Preparation (incl. notes and RSI) | $ |
| All Other Non-Attest Services | $ |
| **TOTAL AMOUNT NOT TO EXCEED** | $ |

## SIGNATURE PAGE

### AUDIT FIRM

| | |
|---|---|
| Audit Firm*<br>Potter & Company, PA | |
| Authorized Firm Representative (typed or printed)*<br>Emily H. Mills, CPA | Signature*<br>Emily H. Mills, CPA |
| Date*<br>12/20/2023 | Email Address*<br>emills@gotopotter.com |

### GOVERNMENTAL UNIT

| | |
|---|---|
| Governmental Unit*<br>Town of Nags Head | |
| Date Governing Board Approved Audit Contract*<br>**(Enter date in box to right)** | |
| Mayor/Chairperson (typed or printed)*<br>Ben Cahoon | Signature* |
| Date | Email Address*<br>ben.cahoon@nagsheadnc.gov |

| | |
|---|---|
| Chair of Audit Committee (typed or printed, or "NA")<br>N/A | Signature |
| Date | Email Address |

### GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

| | |
|---|---|
| Sum Obligated by This Transaction: | $ 48,200 |
| Primary Governmental Unit Finance Officer* (typed or printed)<br>Amy Miller | Signature* |
| Date of Pre-Audit Certificate* | Email Address*<br>Amy.Miller@nagsheadnc.gov |

## SIGNATURE PAGE – DPCU
**(complete only if applicable)**

### DISCRETELY PRESENTED COMPONENT UNIT

| | |
|---|---|
| DPCU*<br>N/A | |
| Date DPCU Governing Board Approved Audit Contract*<br>**(Enter date in box to right)** | |
| DPCU Chairperson (typed or printed)* | Signature* |
| Date* | Email Address* |

| | |
|---|---|
| Chair of Audit Committee (typed or printed, or "NA")<br>N/A | Signature |
| Date | Email Address |

### DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

| | |
|---|---|
| Sum Obligated by this Transaction: | $ |
| DPCU Finance Officer (typed or printed)*<br>N/A | Signature* |
| Date of Pre-Audit Certificate* | Email Address* |

Remember to print this form, and obtain all required signatures prior to submission.

PRINT

POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2023

To the Board of Commissioners
Town of Nags Head
Nags Head, North Carolina

We are pleased to confirm our understanding of the services we are to provide for the Town of Nags Head for the year ended June 30, 2024.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type-activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the Town of Nags Head as of and for the year ended June 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Nags Head's basic financial statements. Such information, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Town of Nags Head's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. GASB Required Supplementary Pension, LEOSSA and OPEB reporting

We have also been engaged to report on supplementary information other than RSI that accompanies the Town of Nags Head's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements.

1. Combining and individual fund statements
2. Budgetary schedules
3. Ad valorem tax schedules
4. Schedule of Expenditures of Federal and State awards

In connection with our audit of the basic financial statements, we will read the following 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.

1. Introductory information
2. Statistical section

The objectives of our audit 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 issue an auditors' report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statues, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles,* and *Audit Requirements for Federal Awards* (Uniform Guidance).

**Auditors' Responsibilities for the Audit of the Financial Statements and Single Audit**

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgement and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from 1) errors, 2) fraudulent financial reporting, 3) misappropriation of assets, or 4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

**Audit Procedures – Internal Control**

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Audit Standards*, and the Uniform Guidance.

**Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town of Nags Head's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Town of Nags Head's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Town of Nags Head's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

**Responsibilities of Management for the Financial Statements and Single Audit**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for 1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal and state awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; 2) following laws and regulations; 3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and 4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal and state awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statues), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal and state awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with 1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; 2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform and audit under the Uniform Guidance; 3) additional information that we may request for the purpose of the audit, and 4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal and state awards; federal and state award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving 1) management, 2) employees who have significant roles in internal control, and 3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegation of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government compiles with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal and state awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal and state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that 1) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; 2) you believe the schedule of expenditures of federal and state awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; 3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and 4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that 1) you are responsible for presentation of the supplementary information in accordance with GAAP; 2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; 3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and 4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendation. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to

address significant finding and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

**Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditors' report, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the government; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Potter & Company, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a Cognizant or Oversight Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Potter & Company, P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Cognizant or Oversight Agency. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Emily H. Mills, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in May 2024 and to issue our reports no later than October 31, 2024.

Our fee for these services will be $48,200. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary for other audit procedures not anticipated, procedures of a bookkeeping nature, preparation of schedules or reconciliations for the audit, including adjusting journal entries or fixed asset reconciliations, we will discuss these procedures with management and bill you at the following discounted hourly rates:

| | Discounted Hourly Rates |
|---|---|
| Partner | $300 |
| Manager | 215 |
| Other Team Members | 155 |
| Clerical | 65 |

**Reporting**

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Commissioners of Nags Head. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter-paragraph to our auditors' report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that 1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the government's internal control or on compliance, and 2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the government's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the Town of Nags Head and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Potter & Company

Potter & Company, P.A.
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the Town of Nags Head.

Management Signature: _____

Title: Town Manager

Date: _____

Governance Signature: _____

Title: Mayor

Date: _____

dmjps
cpas + advisors

## Report on the Firm's System of Quality Control

June 27, 2022

To the Owners of Potter & Company, P.A. and the Coastal Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of Potter & Company, P.A., ("the firm") in effect for the year ended December 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants ("Standards").

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review, as described in the Standards, may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

**Firm's Responsibility**

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

**Peer Reviewer's Responsibility**

Our responsibility is to express an opinion on the design of, and compliance with, the firm's system of quality control based on our review.

**Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Potter & Company, P.A., in effect for the year ended December 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Potter & Company, P.A. has received a peer review rating of *pass*.

*DMJPS PLLC*

Certified Public Accountants
Greensboro, North Carolina

# Agenda Item Summary Sheet

Item No: **E-7**
Meeting Date: **January 3, 2024**

**Item Title**: Request for Public Hearing to consider a Special Use/Site Plan Review submitted by Quible & Associates, P.C. on behalf of Mazzi, LLC. for construction of a Trade Center

**Item Summary**:
Special Use Permit/Site Plan Review submitted by Quible & Associates, P.C. and Beacon Architecture and Design, PLLC for the construction of an 11,200 square foot building that includes eight (8) units operating as a "Trade Center". The property is zoned C-3, Commercial Services and is located on Lot 2a-1r of the Charles L. Sineath Subdivision (PIN# 989317113533), a vacant lot directly behind TW's Bait and Tackle located at 2230 S. Croatan Highway, Nags Head. Note that the Board of Commissioners originally reviewed and approved this Special Use/Site Plan Review on November 2, 2022. Absent the issuance of a building permit for this project, the Special Use Permit/Site Plan approval expires 12 months from the date of the Commissioners approval. This Special Use Permit/Site Plan Review is being requested for reconsideration as the original approval expired on November 2, 2023.

By definition, "Trade Center" means a structure containing two or more individual units, primarily devoted to service and wholesale operations and the storage of materials for off-site work.

**Staff Recommendation/Planning Board Recommendation**
The Planning, Fire, Police, and Public Services Department as well as the Town Engineer have reviewed the submittal and find it to be consistent, and still in compliance with the November 2, 2022, approved submittal. There have been no changes in the applicable codes for each respective department over the past year that would affect this submittal, therefore staff recommends approval of the Special Use/Site Plan Review application as submitted.

At their December 19, 2023, meeting the Planning Board voted unanimously to recommend approval of the Special Use Permit/Site Plan Review as presented.

Number of Attachments: 0

**Specific Action Requested**:
Request for the Public Hearing to be scheduled for the February 7, 2024 Board of Commissioners meeting.

Submitted By: Planning and Development Date: December 28, 2023

**Finance Officer Comment**:
N/A

Signature: Amy Miller Date: December 28, 2023

**Town Attorney Comment**:
N/A

Signature: John Leidy Date: December 28, 2023

**Town Manager Comment and/or Recommendation**:
N/A

Signature: Andy Garman Date: December 28, 2023

# Agenda Item Summary Sheet

Item No: **E-8**
Meeting Date: **January 3, 2024**

**Item Title**: Request for Public Hearing to consider text amendments to various sections of the Unified Development Ordinance as it pertains to Multi-Family Dwelling Development

**Item Summary**:
In January of 2023 the Board of Commissioners adopted an ordinance removing multi-family as a permitted use within the C-2, General Commercial zoning district. This text amendment came about when staff, the Planning Board, and the Board of Commissioners were in the process of evaluating appropriate use standards for the C-5 Historic Character Commercial zoning district and determined that multi-family was not an appropriate use in that district, and in addition became aware of several other issues and inconsistencies within the existing ordinance. The Board then requested that staff and the Planning Board work to propose adequate corrections/clarifications as well as undertake a comprehensive review of multi-family standards. As such, planning staff began working with the Planning Board at their May 2023 meeting to complete a thorough review and identify issues and inconsistencies with the current multi-family language. Following eight (8) consecutive months/meetings of discussion, the Planning Board has prepared a comprehensive set of draft text amendments for the Board of Commissioners review and consideration. These amendments include but are not limited to:

- Allow multi-family development in the C-2, General Commercial zoning district on properties with frontage on US Hwy 158 only.
- All new multi-family development shall be deed restricted to long-term tenancy/occupancy and a portion will additionally be deed restricted for workforce housing.
- Create standards and regulations for "small" multi-family developments and "large" multi-family developments. These include minimum lot sizes, setbacks, density, maximum number of units, lot coverage, height, buffering, architectural design, etc.
- Design considerations such that large multi-family developments shall consist of townhouse style development only and small multi-family developments may consist of both townhouse and apartment style design.
- Create definitions for the following terms, "Dwelling, Multiple Family (Multi-family)", "Townhouse", "Large Multi-family", "Small Multi-family", "Long-term occupancy/tenancy", "Principal Place of Residence", "Qualified Person", and "Workforce Housing".

**Planning Board Recommendation**
At their December 19, 2023, meeting the Planning Board voted unanimously to move forward the proposed text amendments for the Board of Commissioners review and consideration.

Number of Attachments: 0

**Specific Action Requested**:
Schedule the Public Hearing for the February 7, 2024 Board of Commissioners meeting.

Submitted By: Planning and Development Date: December 28, 2023

**Finance Officer Comment**: N/A

Signature: Amy Miller Date: December 28, 2023

**Town Attorney Comment**: N/A

Signature: John Leidy Date: December 28, 2023

**Town Manager Comment and/or Recommendation**: N/A

Signature: Andy Garman Date: December 28, 2023

# Agenda Item Summary Sheet

Item No: F-1
Meeting Date: January 3, 2024

**Item Title**: Public Hearing to consider text amendments to the UDO as it pertains to "Restaurant, Drive-Through" use within Commercial Mixed-Use Developments.

**Item Summary**:
Attorney Crouse Gray submitted a text amendment request on behalf of SRE Mustang, LLC (Outlets Nags Head), which, if adopted, would amend the Unified Development Ordinance to include the use of "Restaurant, Drive-Through" as a permissible use within Commercial Mixed-Use Developments and would amend the supplemental regulations associated with drive-through restaurants within the Town.

**Staff and Planning Board Recommendation**
The Town of Nags Head generally has concerns with the development of drive-through restaurants to include their appropriateness within any of the character areas defined in the Comprehensive Land Use Plan. Drive-through restaurants are currently only permitted via the Special Use process in the C-2, General Commercial District as a standalone principal structure. The character areas, as described in the Comprehensive Land Use Plan, are the result of a multi-year community-wide effort to define what land uses are appropriate, where and what land uses contribute to the Town of Nags Head's overall character. Drive-through restaurants are explicitly excluded as appropriate in any of the character areas. Based on guidance found within the 2017 Comprehensive Land Use Plan, staff recommends denial of the proposed text amendment to allow drive-through restaurants as an acceptable use within commercial mixed-use developments, including shopping centers.

At the Board of Commissioners December 3, 2023, a motion was passed to table this item and send it back to the Planning Board to resolve the apparent conflict between the Unified Development Ordinance and the Comprehensive Land Use Plan. At their December 19, 2023 meeting the Planning Board heard this request and considered the conflict between the Unified Development Ordinance and the Comprehensive Land Use Plan. The Planning Board again voted unanimously to recommend denial of the text amendment as proposed. Additionally, it was their recommendation that the conflict between the UDO and the Comprehensive Land Use Plan be rectified by amending the UDO as necessary to remove the use "Restaurant, Drive-Through" from the C-2, General Commercial zoning district.

Number of Attachments: 2

**Specific Action Requested**:
Conduct the Public Hearing for the requested UDO text amendment.

Submitted By: Planning and Development Date: December 28, 2023

**Finance Officer Comment**:

Signature: Date:

**Town Attorney Comment**:
Attorney Leidy will participate in the discussion as necessary.

Signature: Date:

**Town Manager Comment and/or Recommendation**:
I will participate in the discussion as necessary.

Signature: Date:

**Benjamin Cahoon**
Mayor

**Michael Siers**
Mayor Pro Tem

**Andy Garman**
Town Manager

**Town of Nags Head**
Post Office Box 99
Nags Head, NC 27959
Telephone 252-441-5508
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www.nagsheadnc.gov

**Kevin Brinkley**
Commissioner

**Bob Sanders**
Commissioner

**Megan Lambert**
Commissioner

**PUBLIC NOTICE**

NOTICE IS HEREBY GIVEN that the Nags Head Board of Commissioners will conduct a public hearing on **Wednesday, January 3, 2023** beginning at 9:00 am in the Board Room of the Municipal Complex, 5401 S Croatan Highway, Nags Head, NC to consider and take action upon the following request:

1) Request for Public Hearing for consideration of text amendments to the Unified Development Ordinance as it pertains to including the use of "Restaurant, Drive Through" as a permissible use within Commercial Mixed-Use Developments, as well as amending the supplemental regulations associated with this use

A copy of the application request will be available for public inspection at the Nags Head Planning and Development Department and the Office of the Town Clerk, Town Municipal Complex, 5401 S. Croatan Hwy, Nags Head, NC 27959, telephone (252) 441-5508 during normal business hours.

As a result of this hearing, substantial changes may be made in the proposal as advertised to reflect objections, debate and discussion at the hearing. Any person desiring to be heard on the proposal as stated above should appear at the time and place specified above.

This the 18th day of December 2023.

Kelly Wyatt
Planning Director

For publication in the *Coastland Times* on Wednesday, December 20th and on Wednesday, December 27th 2023.
Please use Nags Head logo and legal print.

# MEMORANDUM
# Town of Nags Head
# Planning & Development Department

To: Board of Commissioners

From: Kelly Wyatt, Planning Director
Joe Costello, Deputy Planning Director

Date: December 28, 2023

Subject: Consideration of text amendments to the Unified Development Ordinance as it pertains to the use "Restaurant, Drive-Through"

## Updated Staff Report for Board of Commissioners January 3rd, 2024 Meeting

At the Board of Commissioners meeting on December 3, 2023, the Board noted that there was conflict in the appropriateness and permitting of the Restaurant, Drive-Through use between the Comprehensive Land Use Plan and the Unified Development Ordinance. The Unified Development Ordinance allows the Restaurant, Drive-Through use as a special use within the C-2, General Commercial zoning district with supplemental regulations. However, the Comprehensive Land Use Plan excludes Restaurant, Drive-Through as an appropriate use in all of the identified character areas within the town, and notably the Corridors Character Area and Whalebone Character Area. The Board of Commissioners voted 4-1 to pass a motion to table this item and send it back to the Planning Board to resolve the apparent conflict between the Comprehensive Land Use Plan and the Unified Development Ordinance.

At their December 19, 2023, meeting planning staff presented to the Planning Board the updated information as included below.

It should be noted that the Comprehensive Land Use Plan is an official policy document adopted to strategically plan for and enhance the quality of life and physical character of the community. While this plan is not regulatory in nature it builds upon adopted plans and policies to provide a foundation for decision making, future regulations, and project development. The plan was created utilizing community input to illustrate the vision for the future of Nags Head and define steps to secure that future. The Comprehensive Land Use Plan was developed over the course of two years, was overseen by a Board of Commissioners appointed Advisory Committee consisting of nine members of the community. These committee members met in excess of 15 times to discuss and provide guidance on the plan development. In addition, the process of developing the plan included four community and public engagement opportunities and approximately 70 stakeholder interviews/ meetings.

Staff has reviewed the agendas, notes, and minutes of the advisory committee meetings and found two instances where drive-through restaurants were discussed. The first is from a set of notes that reads:

*"Whalebone-*
*Concern*
*Traffic patterns might impact walkability and safety, also just hard to maneuver a vehicle in this area.*
*Would be great to have a walking path on opposite side of the road- Town wide concern.*
*Don't want more fast food or drive thru type restaurants.*
*Want to distinguish between bypass and beach road between types of business- Not appropriate for drive thru on beach road*
*Encourage future development like legacy. "*

The second is a formal minute's document from the advisory committee's December 8, 2016, meeting and is attached for the Board of Commissioners review.

To resolve the conflict between the Unified Development Ordinance and the Comprehensive Land Use Plan, the Board of Commissioners may wish to consider one of the following two options:

- Consider amending the UDO as necessary to remove the use of "Restaurant, Drive Through" from the C-2, General Commercial Zoning District. This action would represent implementation of the recommendation of appropriate uses within the Corridors and Whalebone Character Areas.

- Consider amending the Comprehensive Land Use Plan to include the "Restaurant, Drive-Through" use as an appropriate use in one or more character areas.

**Timeline of Events**

- April 13, 2023: Text Amendment Application submittal.
- May 16, 2023: The Planning Board considered a text amendment application and Starbucks sketch plan. The Planning Board voted unanimously to recommend denial of the text amendment.
- June 7, 2023: The Board of Commissioners approved a Request for Public Hearing to consider text amendment.
- July 18, 2023: The Planning Board considered a revised text amendment application. The Planning Board voted unanimously to recommend denial of the text amendment.
- September 11, 2023: Text Amendment Application third submittal received.
- August 2, 2023: The Board of Commissioners approved a Request for Public Hearing to consider text amendment unanimously.
- October 17, 2023: Planning Board considered a revised text amendment application. The Planning Board voted unanimously to recommend denial of the text amendment.
- December 3, 2023: Board of Commissioners requested the Planning Board resolve the apparent conflict between the Comprehensive Land Use Plan and the Unified Development Ordinance.
- December 19, 2023: Planning Board considered the text amendment application and how to resolve the conflict between the UDO and the Comprehensive Land Use Plan. The Planning Board voted unanimously to recommend denial of the text amendment.

**Updated Staff Analysis for Planning Board and Board of Commissioners Meeting**

There are currently three (3) establishments that meet the definition of "Restaurant, Drive Through" within the town.

- Sonic, located at 5205 S. Croatan Highway was approved within the Village at Nags Head SPD-C ordinance allowances.
- KFC/Taco Bell, located at 7320 S. Virginia Dare Trail is currently non-conforming as Section 7.29, Supplemental Regulations for Drive-Through Restaurants states that the restaurant must front on US 158 right-of-way.
- Dunkin Donuts, located at 2424 S. Croatan Highway is currently nonconforming in that the Unified Development Ordinance does not currently allow Restaurant, Drive-Through within commercial mixed-use developments such as South Beach Plaza.

Should the Planning Board be inclined to recommend removal of the Restaurant, Drive Through use from the C-2, General Commercial zoning district it would have a limited effect on existing drive-through development as KFC/Taco Bell and Dunkin Donuts drive-through restaurants are already non-conforming and Sonic would not be affected as it is located within the Village at Nags Head Commercial-2 Zoning District.

Amending the Comprehensive Land Use Plan to include Restaurant, Drive Through as an appropriate use in the Corridors Character Area and Whalebone Character Area, has the potential to lead to proliferation of drive-through restaurants on C2, General Commercial zoned property in the area. A total of approximately 231 acres within 250 unique parcels in the Whalebone Character Area would be directly impacted by the change to the Comprehensive Plan. Significantly more properties are zoned C-2 within the Corridors Character Area. Although the special use permit process would still require review and approval from the Planning Board and Board of Commissioners respectively, the justification would exist in the Comprehensive Plan to support future Restaurant, Drive Through development applications.

**Map of C2 Zoned Property in Whalebone Character Area**



**Planning Board Recommendation from December 19, 2023 Meeting**

At their December 19, 2023 meeting the Planning Board heard this request and considered the conflict between the Unified Development Ordinance and the Comprehensive Land Use Plan. The Planning Board again voted unanimously to recommend denial of the text amendment as proposed. Additionally, it was their recommendation that the conflict between the UDO and the Comprehensive Land Use Plan be rectified by amending the UDO as necessary to remove the use “Restaurant, Drive-Through” from the C-2, General Commercial zoning district.

Should the Board of Commissioners be inclined to give staff direction to move forward with this, they may also wish to request staff initiate a discussion with the Village at Nags Head to receive guidance on whether they would recommend that the “Restaurant, Drive Through” remain within the Village at Nags Head Commercial-2 zoning designation.

If the Board of Commissioners is inclined to adopt this proposed text amendment, please reference Appendix A for the Statement of Consistency with the Town’s adopted Comprehensive Land Use Plan requirements (attached).

**Previous Staff Report from Planning Board October 17, 2023 Meeting**

SRE Mustang, LLC (Outlets Nags Head) submitted a text amendment application to include the use of "Restaurant, Drive Through" as a permissible use within Commercial Mixed-Use Developments and to amend the Supplemental Regulations associated with drive-through restaurants within the Town.

Currently drive-through restaurants are only allowed in the C-2, General Commercial Zoning District as a special use and with supplemental regulations that are described in Section 7.29 of the Unified Development Ordinance.

Section 7.32, General Provisions of the Unified Development Ordinance, specifies the uses that are allowed to be included within areas designated Commercial Mixed-Use. The Commercial Mixed-Use zone includes Commercial with Accessory Residential, Group Development, Mixed Use Development, Multiple Principal Uses, and Shopping Center. Presently, "Restaurant, Drive Through" defined as "an establishment where drive lane facilities are provided for the serving of prepared food, frozen desserts or beverages directly to a customer in a motor vehicle by means which eliminates the need for the customer to exit the motor vehicle" is not included as one of the allowable uses within a Commercial Mixed-Use Development.

In addition to the applicant's request to amend Section 7.32 of the Unified Development Ordinance to list the use "Restaurant, Drive-Through" as a permissible use within Commercial Mixed-Use designations, the applicant has also proposed to amend the supplemental regulations found within Section 7.29 of the UDO. The proposed revised language is provided below:

> **Section 7.29 - Restaurant, Drive-Through.**
> Restaurant, drive-through, is permitted in accordance with Section 6.6, Table of Uses and Activities, subject to other requirements of this UDO and provided that the following conditions are met:
>
> > **7.29.1.** In addition to the buffering requirements of Section 10.93, Landscaping, Buffering, and Vegetation Preservation, the site shall be buffered from all adjacent properties utilizing a 10-foot wide Commercial Transitional Protective Yard as prescribed in Section 10.93.
> > **7.29.2.** The drive-through restaurant must be situated in a retail shopping center development which (a) consists of at least twenty (20) acres of land with frontage on the US 158 right-of-way, (b) has signalized access to and from US 158, and (c) the structure with a drive-through is less than 3,000 square feet. The Town Board may, in its discretion, approve an alternative site layout with the front of a drive-through restaurant located in the C-2, General Commercial District on US 158 oriented differently (i.e., front façade not facing US 158) as part of the Special Use Permit process.
> >
> > **7.29.3.** Where the front façade of the restaurant with drive-through is not oriented toward US Hwy 158, the Town Board may approve such alternative site layout provided that the buffer yard requirements set forth in UDO Section 10.93 are satisfied.

**POLICY CONSIDERATIONS**

The 2017 Comprehensive Land Use Plan sets forth various character areas throughout the Town. These are districts that have their own unique characteristics. These areas provide both the vision and policy direction for the desired use, design, infrastructure, and other elements that new development must consider. Within each Character Area the plan references a general list of appropriate land uses within the Character Area. These character areas include the Gallery Row- Community Center Character Area, Historic Character Area, Village Municipal Service Character Area, South Nags Head Character Area and the Corridors Character Area. The allowable uses and appropriate scales of these uses are comprehensively described for each of the unique districts to ensure future development and redevelopment preserves the quality and uniqueness of each district. The list of generally appropriate land uses specifically spells out that "drive-thru restaurants" are not desirable (see below) in any of the character areas. In addition, the following Land Use Policies may be applicable:

- LU-1 – Ensure that the character of Nags Head is preserved as a single-family residential beach community with ties to its natural environment. This character is defined by:
  - Buildings with a residential scale and appearance with low heights and small footprints that are designed to reflect the heritage of Nags Head.
  - Commercial development that serves the needs of residents and visitors but respects the goals of the community related to design and appearance.

- LU-23 – Require sufficient parking for commercial businesses with parking area design regulations that limit impacts on neighbors and surrounding land uses. Page 3-31 states, "as future ordinance revisions occur, the town should maintain consistency between permitted land uses and its parking tables and evaluate changes as necessary to correlate parking standards with actual parking demand based on best available data and information.

- EC-6 – Support and foster small, local businesses that preserve and uphold the vision and legacy of the town.

## Table 2.6.2.A: Appropriate Land Uses in the Whalebone Junction Character Area

| Whalebone Core [1] | Soundside [1] |
|---|---|
| Sin gle-F:amily Resident!lal {5,000 sq. ft. o,r less)<br>HotelVBoutique iHotel<br>Mixed Use<br>Accessory residential to residential<br>Commercial (10,000 sq. ft. or less)<br>Ao::essory residential to ,commercial<br>Office as an accessory use<br>R,etail<br>Equipment rentals<br>Restaurant (.Walk-u!P, sit down, no drive-t.hrus)<br>Gallery/Museum<br>Institutional (Parks, School, Non-Profit)<br>P•ersonal Service Estab' lishment<br>Cottage Court | Multi-Family<br>Hotel/Boutique Hotel<br>Ac-eessory residential to commerciaJl<br>**Mi,xed** Use<br>Commercial<br>Office as an accessory use<br>R.etail<br>Resta!urant (Walk-up, sit down, no dr1ve-thrus)<br>Personal Service Establishment<br>Indoor ,entertainment<br>Indoor/Outdoor Recrecation<br>Water Dependent Uses (i.e. plerlboardwaJlk}<br>Accessory water dependent use to commercial use, miixed use, or hote1l 1.e. pier/boardwalk)<br>Outdoor Events, Fes tivals, and Amusements |

## abl'e::2.8.2.A" ··ARpr opt;fa Uses in the Corridors Character Area [l]

| l) J A i •f | NC 12 | SR 1243 |
|---|---|---|
| Commercial (40,000 sq. ft. or !less for individual bui1ldi1ngs, excluding hotels) [2]<br>Accessory Commercial or Residential to Commercial or Office<br>Mixed Use<br>:Retail<br>Office<br>Restaurant (Walk-up, sit down, no drive-thms)<br>Banking Institu:tion<br>Personal Service Establishment<br>Gymnasium/Fitness Studio<br>:Indooir Entertainment<br>Ga]lery/Museum | Single-Family Residential (5,000 sq, ft or le.s:s}<br>Accessory Residential to R.esldendal<br>Mixed Use<br>Commercial r(l 0,000 sq. ft. or less)<br>Arnessory residential to commercial<br>Office<br>Retail<br>Equipment rentals<br>Restaurant (Walk-up, sit down, no drive-tlm.1s)<br>Gaillery/Museum<br>il,nstitudona!l (Pairks, School, Non-Plrofit)<br>Personal Service Establishment | Sing!e-lFamily Residential (5,000 sq. ft or less)<br>Accessory Residential to Residential<br>Cottage Courts<br>Hote!/Motel (northenn end 011ly)<br>Fishing Piers wit:h accessory restaurant |

## STAFF RECOMMENDATION

As referenced throughout the 2017 Comprehensive Land Use Plan, the Town of Nags Head generally has concerns with the development of drive-through restaurants to include their appropriateness within various character areas within the town, including within the US Hwy 158 corridor and in Whalebone Character Area. As such, drive-through restaurants are currently only permitted via the special use permit process in the C-2, General Commercial District as a standalone principal structure.

Based upon the staff analysis above, staff would continue to recommend denial of the proposed text amendment to allow drive-through restaurants as an acceptable use within commercial mixed-use developments, including shopping centers.

## PLANNING BOARD RECOMMENDATION

The Planning Board heard this request at their October 17, 2023, meeting and voted unanimously to recommend denial of the text amendment as proposed.

**(DRAFT)**
**AN ORDINANCE AMENDING THE TOWN CODE AND UNIFIED DEVELOPMENT ORDINANCE OF THE TOWN OF NAGS HEAD, NORTH CAROINA AS IT PERTAINS TO THE USE "RESTAURANT, DRIVE-THROUGH"**

**ARTICLE I. Purpose(s) and Authority.**

**WHEREAS**, pursuant to N.C.G.S. § 160D-701, the Town of Nags Head (the "Town") may enact and amend ordinances regulating the zoning and development of land within its jurisdiction and specifically the location and use of buildings, structures and land; pursuant to this authority and the additional authority granted by N.C.G.S. Chap. 160D-702, the Town has adopted comprehensive zoning regulations and has codified the same within the Unified Development Ordinance, Part II of the Town Code, adopted pursuant to N.C.G.S. § 160D-103, which allows the Town to combine certain land development ordinances into a unified ordinance;

**WHEREAS**, Section 2.4.4.3 of the Unified Development Ordinance provides that the powers and duties of the Planning Board include developing and recommending policies, ordinances, development regulations, administrative procedures, and other means for carrying out plans in a coordinated and efficient manner;

**WHEREAS,** Section 3.5.1. of the Town Code makes clear that a zoning ordinance text amendment may be initiated by motion of the Board of Commissioners, by motion of the Planning Board, or by application by any person within the zoning jurisdiction of the Town;

**WHEREAS**, a text amendment application has been submitted requesting consideration be given to allowing the use "Restaurant, Drive-Through" within Commercial Mixed-Use Developments and the supplemental regulations associated with drive-through restaurants be amended; and

**ARTICLE II. Construction.**

For purposes of this ordinance amendment, underlined words (underline) shall be considered as additions to existing Town Code language and strikethrough words (~~strikethrough~~) shall be considered deletions to existing language. Any portions of the adopted Town Code which are not repeated herein but are instead replaced by an ellipsis ("...") shall remain as they currently exist within the Town Code.

**ARTICLE III. Amendment of the Unified Development Ordinance.**

PART I. That **Section 7.29, Supplemental Regulations for Restaurant, Drive-Through**, be amended as follows:

**Section 7.29 - Restaurant, Drive-Through.**
Restaurant, drive-through, is permitted in accordance with Section 6.6, Table of Uses and Activities, subject to other requirements of this UDO and provided that the following conditions are met:

**7.29.1.** In addition to the buffering requirements of Section 10.93, Landscaping, Buffering, and Vegetation Preservation, the site shall be buffered from all adjacent properties utilizing a 10-foot wide Commercial Transitional Protective Yard as prescribed in Section 10.93.

**7.29.2.** The drive-through restaurant must be situated in a retail shopping center development which (a) consists of at least twenty (20) acres of land with frontage on the US 158 right-of-way, (b) has signalized access to and from US 158, and (c) the structure with a drive-through is less than 3,000 square feet. The Town Board may, in its discretion, approve an alternative

site layout with the front of a drive-through restaurant located in the C-2, General Commercial District on US 158 oriented differently (i.e., front façade not facing US 158) as part of the Special Use Permit process.

**7.29.3.** Where the front façade of the restaurant with drive-through is not oriented toward US Hwy 158, the Town Board of Commissioners may approve such alternative site layout provided that the buffer yard requirements set forth in Section 10.93 of the UDO are satisfied.

PART II. That **Section 7.32, General Provision for Commercial Mixed-Use Designations,** be amended as follows:

***7.32.3. Service.***

- Personal Service.
  - º Group Fitness - Aerobics/Dance/Karate/Yoga.
  - º Hair Salon.
  - º Indoor Fitness/Gymnasium.
  - º Massage Therapy Center.
  - º Metaphysical Wellness Services.
  - º Spa.
- Food Service
  - º Coffee Shop/Juice Bar.
  - º Ice Cream Shop
  - º Microbreweries
  - º Restaurant, Neighborhood
  - º Restaurant, Sit Down
  - º Restaurant, Take Out
  - º Restaurant, Drive-Through

PART III. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed. This ordinance shall be in full force and effect from and after the ____day of ____2023.

_____
Benjamin Cahoon, Mayor

ATTEST:

_____
Town Clerk

APPROVED AS TO FORM:

_____
Town Attorney

Date adopted: _____

Motion to adopt by Commissioner _____

Motion seconded by Commissioner_____

Vote: _____AYES _____NAYS

DocuSign Envelope ID: A8E17F82-C0BD-4976-9C00-8E60F8847FCE

Unified Development Ordinance (UDO) Text Amendment ☐ $750
Zoning Map Amendment ☐ $750 +
$500/acre or fraction thereof

# UNIFIED DEVELOPMENT ORDINANCE TEXT/ ZONING MAP AMENDMENT APPLICATION TOWN OF NAGS HEAD, NORTH CAROLINA

Applicant SRE Mustang, LLC

Mailing address 7100 S. Croatan Highway, Ste 45, Nags Head, NC 27959

Explanation of request

☒ Unified Development Ordinance (UDO) - Section(s) 7.29
Attach amendment in ordinance form.

☐ Zoning Map

Attach copy of current Zoning Map with affected property outlined in red.
Attach names and mailing addresses of the property owners of all parcels of land abutting the parcel in question.

Nature of request

See attached proposed text amendment to UDO Section 7.29

Reason for request

Applicant seeks an amendment to allow development of a portion of the property as a Starbucks coffee shop with a drive-through

DocuSigned by:
2793C57808CD4C1...
Applicant

9/11/2023
Date

DocuSign Envelope ID: A8E17F82-C0BD-4976-9C00-8E60F8847FCE

- **Section 7.29 - Restaurant, Drive-Through.**

  Restaurant, drive-through, is permitted in accordance with Section 6.6, Table of Uses and Activities, subject to other requirements of this UDO and provided that the following conditions are met:

  **7.29.1.** In addition to the buffering requirements of Section 10.93, Landscaping, Buffering, and Vegetation Preservation, the site shall be buffered from all adjacent properties utilizing a 10-foot wide Commercial Transitional Protective Yard as prescribed in Section 10.93.

  **7.29.2.** The drive-through restaurant must be situated in a retail center which (a) consists of at least twenty (8) acres of land with frontage on the US 158 right-of-way, (b) has signalized access to and from US 158, and (c) the structure with a drive-thru is less than 3,000 square feet. The Town Board may, in its discretion, approve an alternative site layout with the front of a drive-through restaurant located in the C-2 Commercial District on US 158 oriented differently (i.e., front façade not facing US 158) as part of the special use permit process.

  **7.29.3.** Where the front façade of the restaurant with drive-thru is not oriented toward the US 158, the Town Board may approve such alternative site layout provided that the buffer yard requirements set forth in UDO Section 10.93 are satisfied.

**Section 7.32.4**

**7.32.4** – add "restaurant, Drive-through" as an allowable use for the "food service" category in the Commercial Mixed-Use designation.

**Focus Nags Head**

**Advisory Committee Meeting**

**12/8/16**

**Attendees: Ben Cahoon, Molly Harrison, Kate Jones, Dorie Fuller, John Juzwiak, Margaret Suppler, Andy Garman, Holly White, Kelly Wyatt**

The FOCUS Advisory Committee convened at 1:00 pm. Staff briefly recapped the last meeting and discussion moved to Historic Community Character area.

Staff briefly reviewed the description and development plan for the Historic Character Area contained in the draft plan and based in previous input from the committee. Staff made a brief presentation on the material in the draft plan for the Historic area including the overall vision and development plan. The committee then discussed the importance of architecture in this area and suggested that the plan more deeply describe the desired character. They further noted that in the future we may need to develop tools or "yardsticks" to measure and test the proposed development plan in order to gain the desired outcomes. The committee discussed the current process for architectural review and how that could be strengthened. The committee indicated that there has to be confidence in the review and approval process for commercial structures. They felt that commercial development should not be a cookie cutter process and that every situation was unique. The committee asked staff to include provisions to reexamine and improve the site plan review process for commercial. They pointed to Tybee Island, GA, Southport, and Duck as possible examples. Their main desire for this character area was to protect the character of the old Nags Head style.

With no further discussion on the Historic Character area, staff made a presentation on Significant Natural areas. The committee discussed their desire for these areas to remain protected but continue to allow for the maintenance of existing municipal uses. They further discussed the importance of the protecting Fresh Pond. While they felt it was ok to allow passive, natural recreation in this area, they wanted to ensure that the area did not become open to more active types of recreation or parking facilities.

Next, staff presented a brief presentation on S. Nags Head and its overall vision and development plan outlined in the draft plan. The committee suggested removing the second action, "Consider re-designating the northernmost C-2 area in South Nags Head (15 northernmost lots west of SR 1243) to residential due to its transition to residential development" indicating that the Relax Inn was located here. The committee felt that the remaining portions of the plan for this character area were ok.

Staff made another presentation about the Corridors Character Area and the desired vision and development plan. The committee discussed drive through window type service and the appropriateness of their location in Town. While some committee members fundamentally did not have an issue with drive-throughs, there was some concern that this opened the town to more mainstream, chain type development. The committee reflected on their previous discussion about commitment to the local business community, sense of place, and quality of life associated with local

businesses. Based on this discussion, the committee requested that staff amend the US 158/US 64 uses to reflect sit down or walk up restaurants only. They also requested that this be carried forward in future sections of the plan.

With no other comments or discussion the committee adjourned at 3:00 pm.

# APPENDIX A

## SECTION 3.5.4. ACTION BY THE BOARD OF COMMISSIONERS

Pursuant to Section 3.5.4.2. of the UDO, the Board of Commissioners may proceed to vote on the proposed ordinance, refer it to a committee for further study, or take any other action consistent with its usual rules of procedure.

Pursuant to Section 3.5.4.5. of the UDO, prior to voting to adopt or reject the proposed text amendment, the Board should adopt a statement approving the amendment and describing the amendment's consistency with the Town's adopted Comprehensive Plan and explaining why the action taken is reasonable and in the public interest, a statement rejecting the amendment and describing its inconsistency with the adopted Comprehensive Plan and explaining why the action taken is reasonable and in the public interest, or a statement approving the amendment and containing at least all of the following:

- A declaration that the approval is also deemed an amendment to the Comprehensive Plan. The Board of Commissioners shall not require any additional request or application for amendment to the Comprehensive Plan.

- An explanation of the change in conditions the Board of Commissioners took into account in amending the UDO to meet the development needs of the community.

- Why the action was reasonable and in the public interest.

# Agenda Item Summary Sheet

Item No: **G-1**
Meeting Date: **January 3, 2024**

**Item Title**: Update from Planning Director

**Item Summary**:

Please find attached a monthly update, with attachments, from Planning Director Kelly Wyatt.

Number of Attachments: 1

**Specific Action Requested**:

Provided for Board information and update.

Submitted By: Planning and Development Date: December 22, 2023

**Finance Officer Comment**:

N/A

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

I will participate in the discussion as necessary.

Signature: Andy Garman Date: December 22, 2023

# MEMORANDUM
# Town of Nags Head
# Planning & Development Department

To: Board of Commissioners
Planning Board

From: Kelly Wyatt, Planning Director
Joe Costello, Deputy Planning Director

Date: December 29, 2023

Subject: Planning and Development Director's Report (G-1)

This memo provides an overview of selected Planning and Development Department activities, projects, and initiatives. If requested, Staff will be prepared to discuss any of this information in detail at the Board of Commissioners meeting on January 3rd, 2024.

**Monthly Activity Report**

Attached for the Board's review is the *Planning and Development Monthly Report for November 2023*. In addition to permitting, inspections, code enforcement, and Todd D. Krafft Septic Health Initiative activities, Staff was involved in the following meetings or activities of note during the month:

- Tuesday, December 5th – Technical Review Committee Meeting
- Wednesday, December 6th - Board of Commissioners Meeting
- Thursday, December 7th - CRS Users Group Meeting
- Wednesday, December 13th – Committee for Arts and Culture Meeting
- Wednesday, December 13th – Strategic Plan Implementation Session
- Thursday, December 14th – Board of Adjustment Meeting (no hearings scheduled)
- Thursday, December 14th – Flashlight Candy Cane Hunt
- Wednesday, December 19th – Planning Board Meeting
- Wednesday, December 20th – Board of Commissioners mid-month meeting (if needed)
- Saturday, December 2nd & 9th from 9am – noon – Dowdy Park Holiday Markets

**Planning Board - Pending Applications and Discussions**

The Planning Board's most recent meeting was held on Tuesday, December 19th, 2023, and included the following:

- Consideration of Special Use/Site Plan Review for construction of a Trade Center on Lot 2a of Charles Sineath Subdivision, vacant lot behind TW's Bait and Tackle. The November 2, 2022 approval had expired. The Planning Board voted unanimously to recommend approval of the SUP/Site Plan as presented.
- Consideration of text amendments that if adopted would allow the long-term rental of units within existing hotels and motels. The Planning Board and applicant had productive discussion and staff will be returning to the January 2024 Planning Board meeting with an updated draft amendment based upon discussion.
- Consideration of various text amendments to the UDO as it pertains to multi-family development. The Planning Board completed a thorough review of the draft amendments,

and requested some minor revisions that will now be provided to the Town Attorney for review. The Planning Board voted unanimously to go ahead and move the amendments forward in order to schedule the Public Hearing before the Board of Commissioners at their February 7th, 2024 meeting.

- Consideration of text amendments related to the use of Drive-Through Restaurants within Commercial Mixed-Use Developments and to discuss a conflict in the Unified Development Ordinance and Comprehensive Land Use Plan. The Planning Board discussed this item again and upheld their original recommendation for denial of the text amendment as it related to the allowance of drive-through restaurants within commercial mixed use developments including shopping centers. Additionally, the Planning Board recommended that the conflict noted between the UDO and Comprehensive Land Use Plan be rectified by eliminating the use of drive-through restaurants within the C-2, General Commercial zoning district.

The Planning Board's next meeting is scheduled for January 16th, 2024. At this time, the agenda is expected to include consideration of a text amendment to allow the long-term rental of units within existing hotels and motels, and consideration of a proposed text amendment requiring that septic systems and all other components are contained within a barrier to prevent vehicle parking. Staff will also update the Planning Board on any revisions requested by the Town Attorney on the proposed multi-family development amendments.

**Board of Adjustment – Pending Applications**

There were no items for Board of Adjustment consideration in December 2023. At their January 11, 2024 meeting the Board of Adjustment is expected to hear an Appeal of an Administrative Decision submitted by Joseph Surles with regard to the issuance of a building permit for the property located at 4313 W. Soundside Road, Nags Head (Martin Residence).

**Additional Updates**

- **DWMP/Septic Health Advisory Committee** – Over the course of two days in early December, Environmental Planner Conner Twiddy and a representative from OTT HydroMet installed 14 groundwater level loggers and 2 water quality loggers throughout the Town as recommended in the recent Decentralized Wastewater Master Plan. The loggers will soon be calibrated and sending real-time ground water and water quality data to the town.





- **Electric Vehicle Action Plan** – Staff are currently working with Daniel Parsons of LoWire Technologies to finalize a quote for the acquisition, installation, and future maintenance of the EvoCharge equipment. Staff is also working to identify contractors to construct ADA accessible parking spaces and to fabricate and install signage in accordance with the DEQ grant requirements. Staff will continue to update on this item.

- **Sand Relocation and Dune Management Cost Share Program** – Staff will provide updated information on this item at the January 3rd, 2024, meeting.

- **Dowdy Park Events/Farmers Market/Holiday Markets/Art & Culture** – The 2nd Annual Flashlight Candy Cane Hunt was well attended this year and many parents expressed their appreciation for the festive holiday cheer it and the Dowdy Park lighting brought. Kenneth and Kathleen Morgan were the winners of the Holiday Decorating Contest. Event Coordinator Paige Griffin has begun preparing for the upcoming Winter Markets. These markets will be held on the 2nd Saturday of January - April, from 9am – noon at Dowdy Park. These markets are open to producer/consumable vendors only.

**Upcoming Meetings and Other Dates**

- Tuesday, January 2nd - Technical Review Committee Meeting (no items)
- Wednesday, January 3rd - Board of Commissioners Meeting
- Thursday, January 4th - CRS Users Group Meeting
- Wednesday, January 10th – Committee for Arts and Culture Meeting
- Thursday, January 11th – Board of Adjustment Meeting (Surles Appeal)
- Saturday, January 13th – Winter Market from 9am – noon
- Tuesday, January 16th – Planning Board Meeting
- Wednesday, January 17th – Board of Commissioners mid-month meeting (if needed)



**TOWN OF NAGS HEAD PLANNING AND DEVELOPMENT**
**MONTHLY REPORT**
**NOVEMBER 2023**

DATE SUBMITTED: December 7, 2023

| | Nov-23 | Nov-22 | Oct-23 | 2023-2024 FISCAL YTD | 2022-2023 FISCAL YTD | FISCAL YEAR INCREASE/ DECREASE |
|---|---|---|---|---|---|---|
| **BUILDING PERMITS ISSUED - RESIDENTIAL** | | | | | | |
| New Single Family | 4 | 1 | 2 | 8 | 7 | 1 |
| New Single Family, 3000 sf or > | 0 | 0 | 0 | 3 | 5 | (2) |
| Duplex - New | 0 | 0 | 1 | 1 | 0 | 1 |
| Sub Total - New Residential | 4 | 1 | 3 | 12 | 12 | 0 |
| Miscellaneous (Total) | 54 | 46 | 43 | 186 | 175 | 11 |
| *Accessory Structure* | *3* | *2* | *5* | 15 | *15* | 0 |
| *Addition* | *3* | *1* | *6* | 17 | *8* | 9 |
| *Demolition* | *3* | *0* | *0* | 3 | *0* | 3 |
| *Move* | *0* | *0* | *0* | 0 | *0* | 0 |
| *Remodel* | *15* | *17* | *5* | 40 | *52* | (12) |
| *Repair* | *30* | *26* | *27* | 111 | *100* | 11 |
| **Total Residential** | **58** | **47** | **46** | **198** | **187** | 11 |
| **BUILDING PERMITS ISSUED - COMMERCIAL** | | | | | | |
| Multi-Family - New | 0 | 0 | 0 | 0 | 0 | 0 |
| Motel/Hotel - New | 0 | 0 | 0 | 0 | 0 | 0 |
| Business/Govt/Other - New | 0 | 0 | 0 | 0 | 1 | (1) |
| Subtotal - New Commercial | 0 | 0 | 0 | 0 | 1 | (1) |
| Miscellaneous (Total) | 9 | 6 | 5 | 27 | 25 | 2 |
| *Accessory Structure* | *3* | *2* | *1* | 11 | *11* | 0 |
| *Addition* | *0* | *0* | *0* | 0 | *0* | 0 |
| *Demolition* | *0* | *0* | *0* | 0 | *0* | 0 |
| *Move* | *0* | *0* | *0* | 0 | *0* | 0 |
| *Remodel* | *2* | *2* | *2* | 9 | *7* | 2 |
| *Repair* | *4* | *2* | *2* | 7 | *7* | 0 |
| **Total Commercial** | **9** | **6** | **5** | **27** | **26** | 1 |
| **Grand Total** | **67** | **53** | **51** | **225** | **213** | 12 |
| **SUB-CONTRACTOR PERMITS** | | | | | | |
| Electrical | 39 | 40 | 33 | 209 | 211 | (2) |
| Gas | 6 | 5 | 2 | 21 | 13 | 8 |
| Mechanical | 20 | 27 | 20 | 134 | 165 | (31) |
| Plumbing | 14 | 10 | 14 | 54 | 33 | 21 |
| Fire Sprinkler | 0 | 0 | 1 | 2 | 2 | 0 |
| **VALUE** | | | | | | |
| New Single Family | $1,775,000 | $582,000 | $710,000 | $3,859,282 | $3,284,000 | $575,282 |
| New Single Family, 3000 sf or > | $0 | $0 | $0 | $1,135,000 | $4,960,000 | ($3,825,000) |
| Duplex - New | $0 | $0 | $711,000 | $711,000 | $0 | $711,000 |
| Misc (Total Residential) | $2,561,700 | $2,068,942 | $2,089,946 | $7,750,223 | $6,662,384 | $1,087,839 |
| **Sub Total Residential** | **$4,336,700** | **$2,650,942** | **$3,510,946** | **$13,455,505** | **$14,906,384** | ($1,450,879) |
| Multi-Family - New | $0 | $0 | $0 | $0 | $0 | $0 |
| Motel/Hotel - New | $0 | $0 | $0 | $0 | $6,425,994 | ($6,425,994) |
| Business/Govt/Other - New | $0 | $0 | $0 | $0 | $0 | $0 |
| Misc (Total Commercial) | $962,286 | $311,970 | $582,425 | $2,124,931 | $1,002,751 | $1,122,180 |
| **Sub Total Commercial** | **$962,286** | **$311,970** | **$582,425** | **$2,124,931** | **$7,428,745** | ($5,303,814) |
| **Grand Total** | **$5,298,986** | **$2,962,912** | **$4,093,371** | **$15,580,436** | **$22,335,129** | **($6,754,693)** |

**TOWN OF NAGS HEAD PLANNING AND DEVELOPMENT**
**MONTHLY REPORT**
**NOVEMBER 2023**

DATE SUBMITTED: December 7, 2023

| | Nov-23 | Nov-22 | Oct-23 | 2023-2024 FISCAL YTD | 2022-2023 FISCAL YTD | FISCAL YEAR INCREASE/ DECREASE |
|---|---|---|---|---|---|---|
| **ZONING** | | | | | | |
| Zoning Permits | 70 | 49 | 63 | 251 | 186 | 65 |
| Soil & Erosion | 2 | N/A | 2 | 7 | N/A | N/A |
| Stormwater Plans | 5 | N/A | 2 | 16 | N/A | N/A |
| **CAMA** | | | | | | |
| CAMA LPO Permits | 3 | 2 | 4 | 17 | 12 | 5 |
| CAMA LPO Exemptions | 3 | 4 | 4 | 17 | 11 | 0 |
| Sand Relocations | 47 | 16 | 0 | 47 | 16 | N/A |
| **CODE COMPLIANCE** | | | | | | |
| Cases Investigated | 24 | 20 | 39 | 146 | 238 | (92) |
| Warnings | 4 | 8 | 6 | 17 | 53 | (36) |
| NOVs Issued | 20 | 10 | 33 | 129 | 64 | 65 |
| Civil Citations (#) | 0 | 0 | 0 | 1 | 10 | (9) |
| Civil Citations ($) | $0 | $0 | $0 | $0 | $23,150 | ($23,150) |
| **SEPTIC HEALTH** | | | | | | |
| Tanks inspected | 11 | 12 | 8 | 62 | 51 | 11 |
| Tanks pumped | 8 | 12 | 5 | 56 | 45 | 11 |
| Water quality sites tested | 2 | 2 | 1 | 64 | 117 | (53) |
| Personnel Hours in Training/School | 109 | 0 | 46 | 250 | 62 | 188 |

Kelly Wyatt

Kelly Wyatt, Planning Director

# Agenda Item Summary Sheet

Item No: **H-1**
Meeting Date: **January 3, 2024**

**Item Title**: Presentation of Audit Report – Time Specific 10:30 a.m.

**Item Summary**:

Representatives from the Town's Auditor, Potter & Company, will be present at the January 3rd Board of Commissioners meeting to present a report on the Town's financial status. This agenda item is scheduled for Time Specific at 10:30 a.m.

A hard copy of the *Annual Comprehensive Financial Report 2022/2023* will be provided under separate cover. A digital version is attached.

Number of Attachments: 1

**Specific Action Requested**:

Provided for Board information and update.

Submitted By: Administrative Services Date: December 22, 2023

**Finance Officer Comment**:

Finance Officer Amy Miller will be available for questions as necessary.

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

I will participate in the discussion as necessary.

Signature: Andy Garman Date: December 22, 2023

# Annual Comprehensive Financial Report
# Fiscal Year Ended
# June 30, 2023




TOWN OF NAGS HEAD

5401 SOUTH CROATAN HIGHWAY, NAGS HEAD, NC 27959 • NAGSHEADNC.GOV • 252-441-5508

# TOWN OF NAGS HEAD, NORTH CAROLINA

*Annual Comprehensive Financial Report*

**Fiscal Year Ended June 30, 2023**

*Prepared by the Town of Nags Head Administrative Services Department*
*Amy M. Miller, Finance Officer*
*Brooke R. Norris, Deputy Finance Director*

# Town of Nags Head
# Annual Comprehensive Financial Report
# For the Fiscal Year Ended June 30 2023

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# Annual Comprehensive Financial Report
# For the Fiscal Year Ended June 30 2023

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# INTRODUCTORY SECTION

**Benjamin Cahoon**
Mayor

**Michael Siers**
Mayor Pro Tem

**Andy Garman**
Town Manager

**Town of Nags Head**
Post Office Box 99
Nags Head, NC 27959
Telephone 252-441-5508
Fax 252-441-0776
www.nagsheadnc.gov

**M. Renée Cahoon**
Commissioner

**Kevin Brinkley**
Commissioner

**Bob Sanders**
Commissioner

November 28,2023

To the Honorable Mayor, Board of Commissioners, and Citizens of the Town of Nags Head:

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 principles (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 Nags Head for the fiscal year ended June 30, 2023.

The report consists of management's representations concerning the finances of the Town of Nags Head. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Nags Head 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 Nags Head's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Nags Head's 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, 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 Nags Head for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used 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 Nags Head's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

**Profile of the Town.** The Town of Nags Head 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 home to such attractions as the Cape Hatteras National Seashore and the North Carolina Aquarium. Nags Head is proud to have included among its distinguishing features Jockey's Ridge State Park, the tallest natural sand dune system in the Eastern United States and one of the most significant

landmarks on the Outer Banks, as well as Nags Head Woods Preserve, a designated National Natural Landmark owned in part by the Town of Nags Head, and managed by The Nature Conservancy.

Nags Head received its municipal charter from the North Carolina General Assembly on June 14, 1961. 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. All board members, including the mayor and mayor pro tem, are elected to four-year staggered terms, all on a non-partisan basis.

The Town provides a full range of services. These services include tax collection, planning and inspections, police, animal control, fire and ocean rescue protection, sanitation, and the construction and maintenance of streets and infrastructure as well as stormwater management. In addition to general government activities, the Town provides water and septic health 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 Nags Head's financial planning and control. An annual budget is adopted for the General, Capital Reserve, Water, and Water Capital Reserve Funds. Multi-year project budgets are adopted for Capital Project Funds. Appropriations in the General and Water Fund are made at the department level and at the project level for all Capital Project Funds. The Town Manager may transfer resources within a department as he 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. Nags Head 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 of March through May and September through November. 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 many 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 optimizing the planning and delivery of quality services and financial stability.

**Long-term financial planning.** The Town has three legally adopted capital reserve funds for specific priorities, which set aside revenue sources restricted for future capital projects and debt service. Funding includes appropriations for facility fees, town-wide and municipal service district taxes, and sales tax revenues derived from the municipal service districts (MSDs). The capital investment fund (CIF) allows the Town to strategically plan for debt and capital expenditures. This provides a dedicated funding source for long-term capital planning and maintenance of assets and infrastructure. The CIF is designed to allow the Town to pay cash for capital items, including all equipment and rolling stock, as well as most infrastructure projects. The water capital reserve fund has been consolidated with the water fund. All system development fee capital contributions are accounted for in the water capital reserve fund and are used for funding capital improvements and debt payments related to the Town's water system.

To allow for strategic planning and provide a basis for future fiscal policy decision making, the Board of Commissioners annually adopts a five-year Capital Improvements Plan (CIP). The CIP addresses all major capital improvements including new capital asset acquisition requests, replacement items, and studies for future requests. The CIP focuses on improving processes and capacity for project delivery as well as planning and forecasting our needs for different categories of infrastructure. We now have master plans for streets, water, and stormwater infrastructure as part of a connected CIP to combine infrastructure improvement projects under a single project work scope. Multi-use path improvements and public beach access rehabilitations will also be integrated with

these projects. This holistic approach in improving how we operate avoids conducting separate infrastructure projects in the same location over different time periods in addition to preserving the street pavement condition.

**Relevant financial policies.** The Board has a comprehensive set of financial policies in place that were most recently updated in fiscal year 2023. They cover the operating budget, fund balances, capital improvements and planning, debt, accounting, financial planning, cash management, and investments. Particularly relevant is the revised fund balance policy. The fiscal year 2023 unassigned fund balance exceeding 35% of general fund expenditures, less bond debt, will be transferred to the Capital Investment Fund (CIF). In fiscal year 2024 the general fund will transfer over $1.3 million to the CIF. This policy allows us to monetize our fund balance and assists with covering years with greater expenditures, unanticipated capital needs, and filling in gaps in grant funding.

**Major Initiatives.** How can our town be its best self? Over the summer of 2023, we invited residents and property owners to participate in a community survey. The results are being used to determine where we direct budgetary resources for capital improvements and services in shaping our future, leading to more evidence-based decisions, priorities, and investments that will improve the overall quality of life in Nags Head. This type of meaningful context will guide the Board in future policy and resource planning initiatives. We want to make sure our efforts align with the priorities of our community.

After many months of planning, design, permitting, and financing efforts, the new Public Services Complex has started taking shape. The project entails the construction of approximately 35,000 square feet of floor area divided into five new buildings. The project design considered specific goals for the facility that include addressing the operational needs of the department well into the future, creating operationally efficient spaces that optimize the use and function of the various Public Services divisions, enhancing the capacity to increase service levels, and utilizing durable materials to achieve an extended lifespan. Environmental goals were also established, consisting of: creating a compact design to minimize potential environmental impacts, incorporating low-impact development techniques to address stormwater management, installing solar panels to result in net zero energy usage, and constructing infrastructure for future electric vehicle (EV) charging stations. To pay for the project, for the first time the Town issued Limited Obligation Bonds and received an Aa1 issuer rating from Moody's Investor Service. This rating reflects the Town's strong financial position.

Advanced Metering Infrastructure (AMI), which will provide greater efficiency in managing our water, was also financed with the Public Services Complex. The system allows meters to be read remotely through a wireless network, providing much more accurate water usage data and the ability to notify customers of leaks in real-time. An encouraging environmental initiative, this project will provide accurate, real-time data on water usage, which will help promote water conservation and reduce water waste. As stewards of public resources, we believe sustainable water usage is an important factor in understanding how growth and environmental changes impact our community. We are in the process of adding groundwater monitoring to our normal activities. In addition to automating our water quality testing, data collected will help guide best management practices in developing a water management plan. As part of a holistic strategy in managing our water system, we will be reviewing our water rates in tandem with developing a Capital Improvement Plan.

The Town's Vision Statement notes that Nags Head needs to be a great place to live before it can be a great place to visit. One of the many ways we have been working to enhance our public amenities is to provide not only great spaces to gather and recreate, but also activities that bring the community together. We now have a full-time team member dedicated to events. Having this resource allows us to expand our menu of events such as holiday markets, fitness classes, farmers markets, concerts, and movies.

One of our strategic goals is to actively pursue grants as part of a comprehensive look at future needs. These grants provide valuable resources to fund public services and projects that otherwise may not have been accomplished. They bridge the gap between resources and needs and can allow us to address issues more expediently. Over the past year, Nags Head has been awarded over $5 million in grants! We are grateful to the organizations that believe in our initiatives and understand how impactful they are to our community. These grants assist us with beach protection, coastal infrastructure improvements, flood mitigation, sidewalks and multi-use paths, and upgrades to our parks. We have also leveraged American Rescue Plan Act (ARPA) funding in receiving planning grants. These awards will allow us to update our stormwater master plan, create a watershed

restoration plan, and proactively manage our water utility system. We will also be creating a GIS database to create efficiencies in asset management and the integration of multiple data sources and platforms.

To further our shoreline management approach, our beach nourishment capital project funds are being used to support on-going planning for future projects. We are currently conducting Phase 3 of a master plan, which is a long-term, 30-year plan to identify sand sources and develop programmatic permits that address identified needs. We are working on how to structure funding for our next beach maintenance project, tentatively planned for 2027. To further protect our natural resources as part of our strategic, long-term focused shoreline management plan, we will be conducting an aggressive vegetative stabilization planting project to enhance dune integrity and mitigate risk of damage from storm impacts. We will be planting protective, native vegetation within a ten-mile length of the oceanfront. We have also adopted a comprehensive Estuarine Shoreline Management Plan, which addresses the management of 17 miles of estuarine shoreline in the Town while balancing land use, ecosystem health, and recreational opportunities. It serves as a guide in implementing and constructing features to protect the Town's estuarine shoreline and infrastructure, accomplishing recommendations made in our Comprehensive Plan.

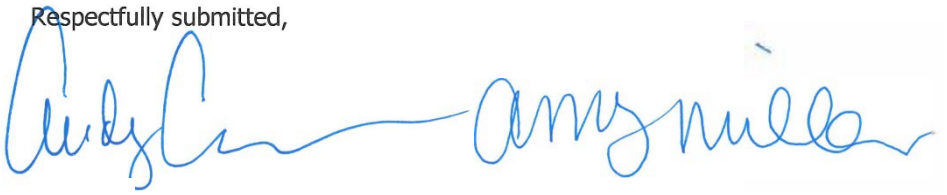
**Awards and Acknowledgements.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Nags Head for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30,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

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. Nags Head has received a Certificate of Achievement for the last seven consecutive years. We believe our current report conforms 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 Nags Head's finances.

Respectfully submitted,



Andy Garman
Town Manager

Amy Miller
Finance Officer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Nags Head**
**North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

# Town of Nags Head, North Carolina
## List of Elected and Appointed Officials
## For the Fiscal Year Ended June 30, 2023

Elected Officials

| | |
|---|---|
| Mayor | Benjamin Cahoon |
| Mayor Pro Tempore | Michael Siers |
| Commissioner | M. Renee Cahoon |
| Commissioner | Kevin Brinkley |
| Commissioner | Bob Sanders |

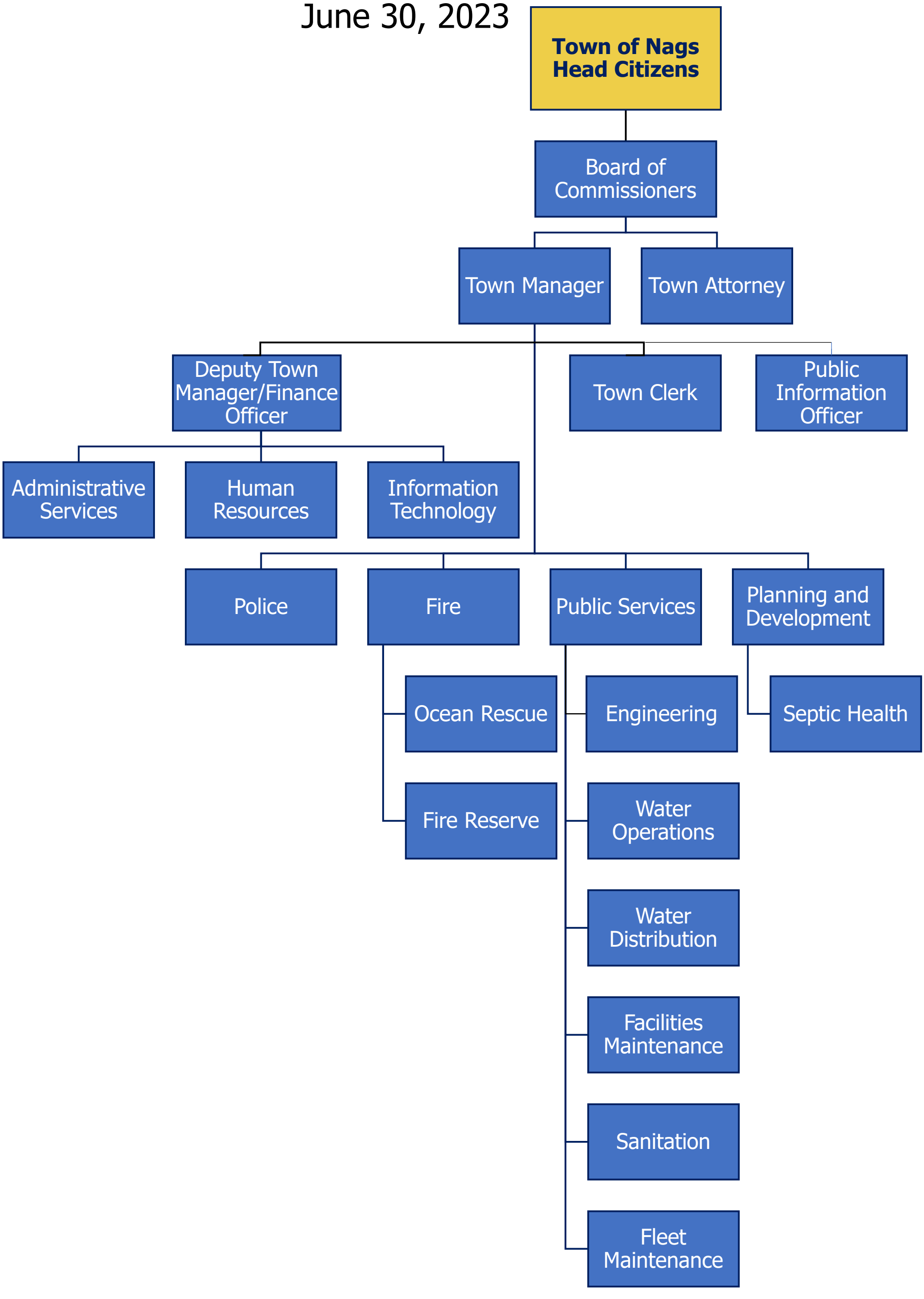
Appointed

| | |
|---|---|
| Town Attorney | John Leidy |
| Town Manager | Andy Garman |

Town Administration

| | |
|---|---|
| Deputy Town Manager/Finance Officer | Amy Miller |
| Fire Chief | Randy Wells |
| Planning Director | Kelly Wyatt |
| Police Chief | Perry Hale |
| Public Services Director | Nancy Carawan |
| Town Clerk | Carolyn Morris |

# Town of Nags Head, North Carolina
# Organization Chart
# June 30, 2023



# FINANCIAL SECTION

POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Board of Commissioners
**Town of Nags Head**, **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 Nags Head**, **North Carolina,** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the **Town of Nags Head's** 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 Nags Head,** as of June 30, 2023, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major, annually budgeted special revenue funds, if applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Town of Nags Head** 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 Nags Head's** 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 Nags Head's** 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 Nags Head's** 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 74 through 77, 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 78 through 81, and the Other Post Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios on page 82, 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 Nags Head's** basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of **Town of Nags Head's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 Nags Head's** 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 Nags Head's** internal control over financial reporting and compliance.

*Potter & Company, P.A.*

November 28, 2023
Monroe, North Carolina

## Management's Discussion and Analysis

As management of the Town of Nags Head, we offer readers of the Town of Nags Head's financial statements this narrative overview and analysis of the financial activities of the Town of Nags Head for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of Nags Head's financial statements, which follow this narrative.

## Financial Highlights

- The assets and deferred outflows of resources of the Town of Nags Head exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $68,072,751 *(net position)*.
- The Town's total net position increased by $9,249,233. This includes an increase in the governmental activities of $8,476,371 and an increase in the business-type activities of $772,862. The increase in net position for both governmental and business-type activities can be attributed to new capital projects, the Public Services Complex (80%/20% split between governmental and business-type) and Advanced Metering Infrastructure for business-type activities. Debt service for limited obligation bonds was issued on these projects for $17,110,000 at par with an additional $2,578,869 received in premiums. Interest only payments will be made on this debt until fiscal year 2025. The Town received an Aa1 issuer rating and an Aa2 bond rating from Mody's Investors Service on this issuance.
- In governmental activities, the Town completed a grant-funded beach nourishment maintenance project to replace sand lost during 2019's Hurricane Dorian, costing over $12 million in fiscal year 2023.
- Unrestricted net position decreased for governmental activities even though total net position increased in governmental activities. In fiscal year 2023 the Town adopted a new capital reserve fund, the capital investment fund (CIF), a separate fund consolidated into the general fund's restricted net position. Funded through the general fund, this is a dedicated source for capital expenditures and debt service payments. The CIF restricted $1,957,176 of governmental net position. The CIF has a separate minimum fund balance policy requiring a balance of 25% of CIF expenditures. This year the fund balance was 45.48%.
- Part of the capital investment fund's (CIF) philosophy is to carry a fund balance that can be used to smooth out capital and debt spending over time. It is designed to allow the Town to pay cash for most capital items including rolling stock and infrastructure projects. Therefore, no debt financing occurred beyond the Limited Obligation Bond offering.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $8,562,014, or a $2,267,631 increase over the prior fiscal year balance of $6,294,383. The assigned fund balance for fiscal year 2023 decreased by $2,925,000 over the prior fiscal year because of the $3,000,000 fund balance appropriation made to establish the CIF in the fiscal year 2023 adopted budget
- The unassigned fund balance for the general fund represents 37.38% of total general fund expenditures for the fiscal year, or 41.72% excluding bond debt. This is above our fund balance policy minimum of 25%-35% of general fund expenditures excluding bond debt. Per our policy, any fund balance above 35% gets transferred to the CIF. This means in fiscal year 2024, $1,378,672 will be transferred. This is in addition to the fiscal year 2024 general fund budgeted transfer of $4,120,000.
- As of the close of the current fiscal year, the Town of Nags Head's governmental funds reported combined ending fund balances of $ 36,743,089, of which 36%, or $13,103,862 is non-spendable or restricted. This is an increase of $13,163,391 over the prior fiscal year. The non-spendable portion of the fund balance accounts primarily for this increase. In addition to the increased restricted fund balance due to the new CIF fund described

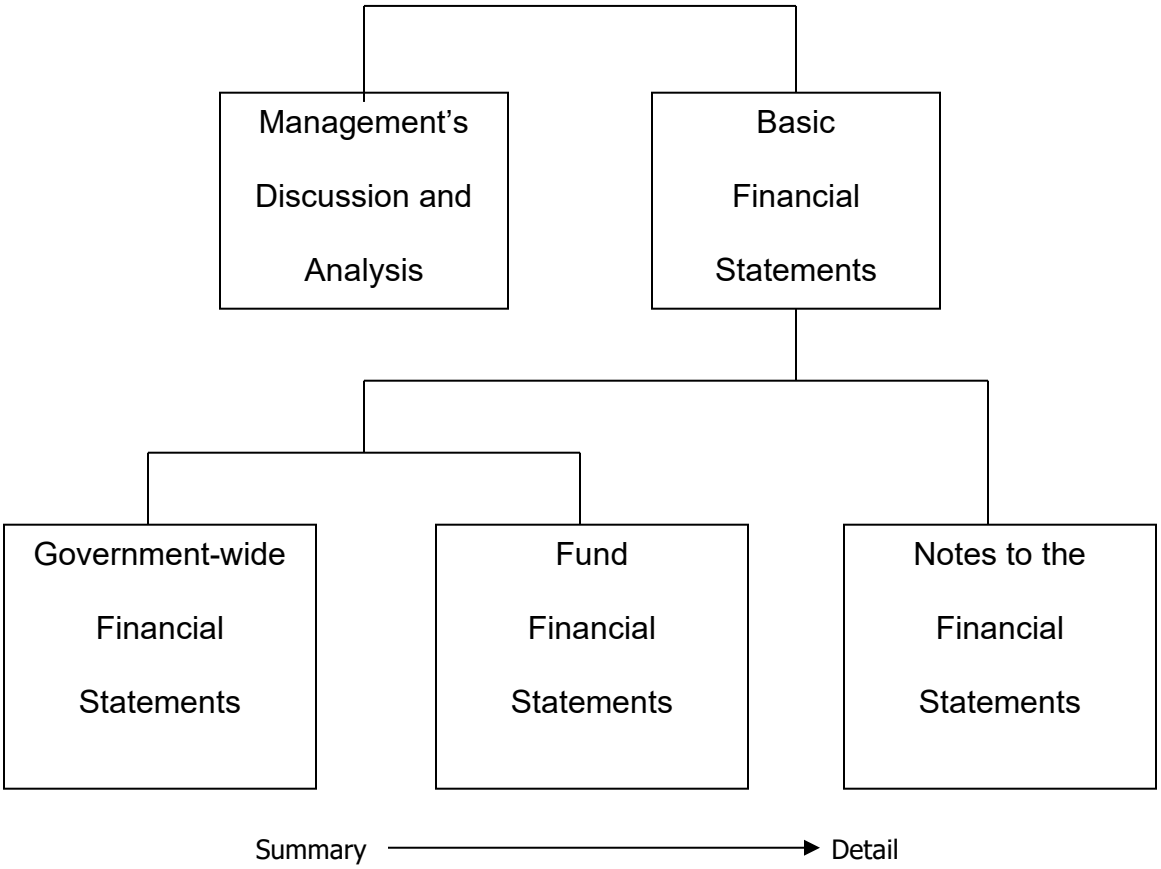
above, the unspent portion of debt proceeds ($12,072,329) for the Public Services Complex capital project is accounted for in the committed portion.

- In the general fund (CIF), $489,950 was transferred back from the capital project fund for reimbursement of design work incurred before debt proceeds were received. Additionally, $1,380,289 was transferred back from the beach renourishment capital project fund into the capital reserve fund. This fund was closed this fiscal year as that portion of the beach nourishment project was complete and came in under budget.
- The Town's total governmental debt increased by $14,227,026, attributable to limited obligations bond issued towards the new Public Services Complex for $12,404,000 (par) with an additional $1,968,254 in proceeds from issuance premiums. Total direct borrowing and placement installment finance debt decreased by $3,523,088 due to payment of $2,276,000 made towards our beach nourishment special obligation bond as well as other regularly scheduled debt payments. No new direct borrowing or placement debt was incurred. The net pension liability for the Local Governmental Employees' Retirement System (LGERS) increased by $3,679,930.
- The adopted ad valorem tax rate for the June 30, 2023, fiscal year remained unchanged at $.2875 per $100 valuation. Of the ad valorem rate, $.025 is restricted by the Board for beach nourishment. The ad valorem net levy increased by .6% over the prior fiscal year.
- The six Municipal Service Districts (MSD's) 1-6 tax rates for the purpose of beach nourishment also remained unchanged. Tax rates for MSD 1-2 are $.143 per $100 of assessed valuation, one half cent ($.005) for MSD 3 and 6, and one cent ($.01) for MSD 4 (currently there remains no tax rate for MSD 5). MSD's 1, 2, and 5 are in two districts. To include a property in an MSD, the project must be within the MSD boundaries. The tax revenues these districts generate support future beach nourishment maintenance and planning projects and provide more stability for future tax rates.
- The minimum base water rates, volumetric charges, and system development fee remain unchanged. Because of this, water fund operating revenues remained the same as the prior fiscal year.
- Business-type net position increased by $772,862 largely due to $474,062 in Coronavirus State and Local Fiscal Recovery Funds received (reflected in capital grants and contributions), used to offset over $700,000 of capital infrastructure improvements.
- The water fund portion of the limited obligation bond issuance increased long-term debt by $4,706,000 (par) with an additional $610,615 in proceeds from issuance premiums. No new direct borrowing or placement debt was incurred. The water fund portion of the net pension liability for LGERS increased by $339,655.
- A newly adopted Water Capital Project Fund, which includes the Advanced Metering Infrastructure and the water fund's portion (20%) of the Public Services complex, for reporting purposes is consolidated in the water fund exhibits. This primarily represents restricted cash's increase of $4,825,827 over the prior fiscal year.

**Overview of the Financial Statements**

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

**Required Components of Annual Financial Report (Figure 1)**




**Basic Financial Statements**

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements for major governmental funds; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the town's individual funds. Budgetary information required by the General Statutes can also be found in this part of the statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the town's finances, similar in format to a financial statement of a private-sector

business. The government-wide statements provide short and long-term information about the town's financial status as a whole.

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

The government-wide statements are divided into 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, general administration and street and solid waste services. Property taxes, occupancy, sales and land transfer taxes, permit fees 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 services offered by the Town of Nags Head. The town does not have any component units.

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

**Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The town, 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 budget ordinance. All of the funds of the Town of Nags Head can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town of Nags Head'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* that 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 Nags Head 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.

**Proprietary Funds –** The Town of Nags Head has one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Nags Head uses its enterprise funds to account for its water operations. Nags Head Leasing, blended component unit enterprise fund, is used for financing purposes and has no account balance at the end of the fiscal year.

**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 are on pages 29-73 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's progress in funding its obligation to provide pension and retiree health benefits (OPEB) to its employees. Required supplementary information can be found on 74-82 of this report.

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

**Government-Wide Financial Analysis**
**Town of Nags Head Net Position**
**June 30, 2023**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | $ 39,227,060 | $ 26,323,200 | $ 9,932,944 | $ 5,107,960 | $ 49,160,004 | $ 31,431,160 |
| Non-current assets | 1,200,594 | 1,464,471 | - | - | 1,200,594 | 1,464,471 |
| Capital assets | 50,220,721 | 42,882,585 | 7,504,737 | 6,240,750 | 57,725,458 | 49,123,335 |
| Total assets | 90,648,375 | 70,670,256 | 17,437,681 | 11,348,710 | 108,086,056 | 82,018,966 |
| Deferred outflows of resources | 4,523,726 | 3,446,249 | 379,063 | 274,331 | 4,902,789 | 3,720,580 |
| Long-term liabilities | 28,158,505 | 13,879,728 | 6,149,435 | 549,239 | 34,307,940 | 14,428,967 |
| Other liabilities | 6,292,529 | 6,489,831 | 933,960 | 964,397 | 7,226,489 | 7,454,228 |
| Total liabilities | 34,451,034 | 20,369,559 | 7,083,395 | 1,513,636 | 41,534,429 | 21,883,195 |
| Deferred inflows of resources | 3,151,272 | 4,653,522 | 230,393 | 379,311 | 3,381,665 | 5,032,833 |
| Net position: | | | | | | |
| Net investment in capital assets | 41,411,411 | 33,233,399 | 6,815,447 | 6,199,951 | 48,226,858 | 39,433,350 |
| Restricted | 12,950,862 | 9,405,616 | 34,492 | 7,153 | 12,985,354 | 9,412,769 |
| Unrestricted | 3,207,522 | 6,454,409 | 3,653,017 | 3,522,990 | 6,860,539 | 9,977,399 |
| Total net position | $ 57,569,795 | $ 49,093,424 | $ 10,502,956 | $ 9,730,094 | $ 68,072,751 | $ 58,823,518 |

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 resources of the Town of Nags Head exceeded liabilities and deferred inflows of resources by $68,072,751 as of June 30, 2023. The largest portion of net position, $48,226,858 (71%) reflects the town's investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less liabilities restricted from debt proceeds and any related debt still outstanding that was issued to acquire those items, net of

unexpended debt proceeds. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Nags Head's investment in its 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.

The net investment in capital assets portion of net position increased for governmental and business-type activities. In governmental activities, the increase relates to the additional construction in progress for the public services complex and improvements totaling over $12 million related to the beach nourishment capital project completed in fiscal year 2023. For business-type activities, the increase relates to waterline and infrastructure improvements totaling $718,184 and the construction in progress related to the water portion of the public services complex and Advanced Metering Infrastructure (AMI).

An additional portion of the Town's net position, $12,985,354, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $6,860,539 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

As of June 30, 2023, the Town of Nags Head 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 Nags Head Changes in Net Position**
**June 30, 2023**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 991,893 | $ 702,577 | $ 3,810,628 | $ 3,810,398 | $ 4,802,521 | $ 4,512,975 |
| Operating grants and contributions | 735,269 | 959,030 | 32,556 | - | 767,825 | 959,030 |
| Capital grants and contributions | 12,876,104 | 786,266 | 506,837 | 518,324 | 13,382,941 | 1,304,590 |
| General revenues: | | | | | | |
| Property taxes | 10,645,011 | 10,580,588 | - | - | 10,645,011 | 10,580,588 |
| Other taxes and licenses | 10,205,134 | 10,260,692 | - | - | 10,205,134 | 10,260,692 |
| Other unrestricted intergovernmental | 1,007,408 | 952,365 | - | - | 1,007,408 | 952,365 |
| Investment income | 56,014 | (1,648,548) | 42,798 | (293,271) | 98,812 | (1,941,819) |
| Other | 196,495 | 91,292 | 1,500 | 1,900 | 197,995 | 93,192 |
| Total Revenues | 36,713,328 | 22,684,262 | 4,394,319 | 4,037,351 | 41,107,647 | 26,721,613 |
| Expenses: | | | | | | |
| General Government | 13,554,409 | 12,715,848 | - | - | 13,554,409 | 12,715,848 |
| Public Safety | 8,229,791 | 7,342,949 | - | - | 8,229,791 | 7,342,949 |
| Public Services | 3,252,736 | 2,991,500 | - | - | 3,252,736 | 2,991,500 |
| Environment Protection | 2,531,073 | 2,214,312 | - | - | 2,531,073 | 2,214,312 |
| Streets and Drainage | 339,067 | 286,284 | - | - | 339,067 | 286,284 |
| Interest on long-term debt | 329,881 | 233,493 | - | - | 329,881 | 233,493 |
| Water Utility | - | - | 3,621,457 | 3,401,302 | 3,621,457 | 3,401,302 |
| Total Expenses | 28,236,957 | 25,784,386 | 3,621,457 | 3,401,302 | 31,858,414 | 29,185,688 |
| Increase (decrease) in Net Position | 8,476,371 | (3,100,124) | 772,862 | 636,049 | 9,249,233 | (2,464,075) |
| Net position – July 1 | 49,093,424 | 52,193,548 | 9,730,094 | 9,094,045 | 58,823,518 | 61,287,593 |
| Net position – June 30 | $ 57,569,795 | $ 49,093,424 | $ 10,502,956 | $ 9,730,094 | $ 68,072,751 | $ 58,823,518 |

The Town of Nags Head's overall net position increased $9,249,233 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental activities**. Governmental activities increased the Town's net position by $8,476,371, accounting for 91.64% of the total growth in net position of the Town of Nags Head. Management believes healthy investments in the Town will result in additional revenues, adding to the Town's net position by investing in capital assets. The Town was able to fund some items in its capital spending plan with grant revenues. For example, in capital grants and contributions, grant reimbursement towards the summer of 2022's beach nourishment maintenance project totaled $12,611,151. In General Government, depreciation and amortization expense increased by $650,253 from the prior year due to this project. Noteworthy revenue variances include an increase of 41% in Charges for services due to the collection of fees for cart-roll back for ocean front homes in the amount of $222,925. The cart roll back contracted services also can account for the increase in environmental protection expenses. The total town wide levy collection percentage for fiscal year 2023 was 99.99%, due to continued diligence in the collection of property taxes. Tourism driven revenues including sales and occupancy, are included in other taxes and licenses and came in at 10% and 4%, respectively, over the prior fiscal year. Land transfer taxes, also included in other taxes, saw a decline of 36% from the prior fiscal year due to slowing real estate sales and increased interest rates. Combined, these revenues balanced each other out compared to the prior fiscal year with only a .5% total decrease. Investment income increased by $1,704,562 due to the prior year's unrealized fair market value loss of $1,648,548 on investments compared to the current year's loss of $443,428. Realized investment income was bolstered this year by earning $229,822 in interest on the Town's limited obligation bond funds in escrow. Currently the Town is tracking for no arbitrage liability owed.

Management continually evaluates ways to minimize expenses without sacrificing the high level of service our citizens deserve. These efforts allow us to maintain a healthy net position and led to some of the functional expenditure categories of governmental activities not experiencing significant increases. Across all functions, increases can be largely attributable to salary and benefit increases provided to employees during the current fiscal year. A 7% Cost of Living Adjustment (COLA) was given to all employees, the seasonal lifeguard pay scale was increased, and the non-matching 401k contribution was increased by 1% for all non-sworn Law Enforcement Officers. New positions include an additional stormwater technician (Public Services) and converting the part-time event planner position to full-time (General Government). Public Safety saw increases in long-term liabilities including accrued vacation at $53,848, and retirement benefits including the NC Local Governmental Employees' Retirement System (LGERS) at $574,193, Law Enforcement Officers Special Separation Allowance (LEOSSA) at $98,301, and Other postemployment benefits (OPEB) at $35,207. With implementation of GASB 96 in fiscal year 2023, the town amortized right to use assets for leases and IT subscriptions totaling $72,886 in Public Safety and $49,616 in General Government.

In total, interest expense increased by $96,388 due to accrued interest payable on the newly issued limited obligation bonds. This increase was offset by the beach nourishment debt principal paydown of $2,276,000.

Town management recognized that 2023 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

**Business-type activities.** Business-type activities in the water fund increased the town's net position by $772,862, or 8%. The net investment in capital asset portion of net position increased by $615,496 due to non-depreciable construction in progress related to the Public Services Complex and Advanced Metering Infrastructure (AMI) as previously discussed. The unrestricted portion of net position increased by $130,027. Because there were no changes in water rates, there was not a significant change in charges for services. The unrealized fair market value loss on investments of $68,443 was $266,868 less than the prior year. This accounts for the $336,069 increase in investment income, which was supplemented with earnings on unspent limited obligation bond

proceeds in escrow. The wholesale water rate decreased from $1.970 to $1.838 per million gallons purchased, or 6.7%. The rate is set per an interlocal agreement with Dare County and was driven by an increase in total gallons delivered and a decrease in eligible costs. Gallons purchased from Dare County decreased by over 17 million gallons, or 4%. Due to both a wholesale water rate decrease and a decrease in usage (gallons purchased), the cost of wholesale water purchased decreased by $179,500 or approximately 21%.

In order to offset inflationary costs, Town management continued to implement cost savings strategies across departments. These efforts helped to limit the expenses for the current fiscal year. For example, two water fund positions that remained vacant throughout fiscal year 2023 were not funded in the fiscal year 2024 budget.

The water fund reimburses the general fund for costs of services provided to the fund. Due to rising costs, the reimbursement this year was $796,773, over a 25% increase of $163,532.

Interest expense on long-term debt increased by $54,805 due to accrued interest payable on the limited obligation bonds.

**Financial Analysis of the Town of Nags Head's Funds**

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

**Governmental Funds**. The focus of the Town of Nags Head's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Nags Head's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Nags Head. At the end of the current fiscal year, the unassigned fund balance of the general fund was $8,562,014 while total fund balance reached $22,015,876. As previously discussed, the increase in unassigned fund balance can be attributed to the decrease in assigned fund balance for fund balance appropriated in the fiscal year 2024 adopted budget. This is due to the newly adopted capital investment fund (CIF), for which the general fund appropriated $3,000,000 of fund balance in the fiscal year 2023 budget in order fund. As this is a legally adopted capital reserve fund, consequently this resulted in increases both for restricted fund balance and restricted cash. The CIF fund balance at the end of the fiscal year was $1,957,176. The cash balance increased by $1,740,207 in the capital reserve fund. This also contributes to the increase in both restricted cash and fund balance. Cash balance increases in these funds were also due to funds being transferred from capital project funds. As previously discussed, the beach renourishment fund was closed, and excess funds of $1,380,289 originally contributed by the capital reserve fund were transferred back. Per the fiscal year 2023 budget ordinance, general fund transfers to the capital project fund were transferred back to the CIF fund once limited obligation bond funds were received. These funds were originally transferred for design fees in order to put the Public Services Complex project out to bid ahead of financing. Some of the factors for the various increases in current expenditures have previously been discussed. A notable capital outlay increase in the Streets and Drainage function was due to a street paving and resurfacing project that deferred the 2022 project in order to see an economy of scale in combination with the 2023 project. While this project combined street work with water line improvements, the general fund portion of this project totaled $1,765,107. Other functions of capital outlay saw a decrease. In the prior fiscal year, in order to receive a prepayment discount, a payment of $1,062,005 was made on a fire apparatus. Because this has not been received, there is still an outstanding purchase order for the remaining balance of $298,370. Due to significant

delays and lead times, there are multiple vehicles throughout the functions of government including environmental protection, public safety, and public services where vehicle purchase orders remain outstanding. This contributes to the reason these functions of government are lower compared to the prior fiscal year. In the previous fiscal year, the Town also acquired a new piece of property totaling $1,700,000, reflected in public services capital outlay. Total general fund balance increased by $2,928,017, or 15%. This fiscal year, total revenues were higher primarily due to the net investment loss being $845,277 less than the previous year's loss. This is because the fair market value loss on investments was $687,193 less than it was in the prior year. In the general fund, the Town must maintain unassigned fund balance equal to no less than 25% of general fund expenditures, less bond debt. Any unassigned fund balance over 35% will be transferred to the capital investment fund. The unassigned fund balance of $8,562,014, 41.72% of general fund expenditures excluding bond debt, compared to 26.55% for the prior fiscal year. As this is over the 35% maximum, excess funds of $1,378,672 will be transferred to the capital investment fund in fiscal year 2024. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 37.38% of total general fund expenditures for the fiscal year compared to 24% for the prior year. This calculation includes bond debt of which $2,451,252 was paid in the prior fiscal, compared to $2,381,151 paid in the current fiscal year.

On June 30, 2023, the governmental funds of the Town of Nags Head reported a combined fund balance of $36,743,089 a 56% increase from last year, primarily due to the Public Services Complex in the capital project fund with an ending fund balance of $12,072,329. A more detailed accounting of this increase is discussed in the financial highlights.

**Proprietary Fund.** The Town of Nags Heads' proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to $3,653,017, a $130,027 or 3% increase compared to last fiscal year, while total net position amounted to $10,502,956, a $772,862 or 8% increase compared to last fiscal year. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Nags Head's business-type activities.

**General Fund Budgetary Highlights**: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

There were several reasons the Town revised its General Fund budget throughout the year. In restricted governmental, changes were made to budgeted grant revenues. The Town did not receive a $472,300 grant towards a streets and drainage capital project. The Town deferred a bath house capital outlay construction building project to fiscal year 2024. Grant funds of $450,000 have been re-budgeted in fiscal year 2024 in the Public Services function. As these capital projects are funded with capital investment fund (CIF) money, and the grant funds reimburse the CIF as well, both transfers to and from the capital investment fund are likewise reflected.

For capital expenditures in streets and drainage, the paving project bids came in over budget. Excess funds not used in the CIF were instead used for this project. For example, under debt service, interest expense was reduced by $244,800 and used towards this project. A debt service contingency was originally built into the budget for the Public Service Complex. This was not needed since the first interest-only debt payment occurs in fiscal year 2024. A budget amendment of $573,145 was done to increase capital outlay and transfers from the capital reserve fund to the general fund in order to use capital reserve funds restricted in the previous year for this project.

By statute, state street aid is restricted for street construction and maintenance, therefore unspent funds are accumulated in the restricted for streets portion of fund balance. A budget amendment was done for $251,599 to use these accumulated funds, via appropriated fund balance, to help make up the budget shortfall for this project.

The adopted budget included reimbursement of upfront design costs for the Public Services Complex before bond proceeds were received. These funds would then be transferred into the CIF. Instead, the transfer was done directly from the capital project fund to the CIF upon receipt of proceeds.

General fund balance appropriations totaling $1,154,135 were made for fiscal year 2022 open encumbrances. These purchase orders that are carried over increase the adopted budget's appropriated fund balance and corresponding expenditure categories. Many of these encumbrances were carried over due to lead times in the supply chain. Most notably, the adopted budget for capital expenditures increased by $222,317 in the environmental protection function for vehicles and $298,370 in public safety for the fire apparatus. Other capital outlay encumbrances include $144,697 towards security retrofits in general government.

Fiscal year 2023 encumbrances that will be carried forward to fiscal year 2024 total $1,246,981. This reflects $271,132 being carried over in the Police Department (public safety capital outlay) for vehicles that have not been received. A budget amendment was adopted for $217,305 to move money from the CIF to general fund to pay for this. Due to difficulty in purchasing police vehicles, the Town was required to issue a purchase order in May in order to receive the vehicles in fiscal year 2024. Other purchase orders that were carried forward for vehicles include $50,288 in public services and $192,818 in environmental protection. The fire apparatus purchase order described above will also be carried forward into the next fiscal year.

Savings occurred naturally throughout all expenditure functions including lapse salaries and benefits.

While the Town was generally in compliance with budgetary requirements there was one instance of spending in excess of the budget amount. Due to the implementation of GASB 96 an amendment was not made to record the debt service on IT subscription liabilities. Since the budget could no longer be revised the Town had to report and disclose this $64,522 of expenditures over appropriations. Town management and the Board will more closely review budget reports to ensure compliance in future years.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Nags Head's investment in capital assets for its governmental and business–type activities as of June 30, 2023, totals $57,725,458 (net of accumulated depreciation) an increase of 17.28% over the prior year. These assets include land, art, construction in process, buildings, other improvements, equipment, vehicles, infrastructure, right to use assets for leases and IT subscriptions, and intangible assets in the water fund.

Major capital asset transactions occurred during the year including:

- Public Services Master Plan $2,650,896 (Construction in Progress), split between governmental activities ($2,120,717) and business-type activities ($530,179)
- 2023 Peterbilt Commercial Side Load Truck $194,682 (Construction in Progress), governmental activities
- Security cameras and access control system $247,360, governmental activities
- Beach Nourishment Master Plan $1,205,486, governmental activities

- Beach Nourishment maintenance $12,039,739, governmental activities
- Backhoe Loader $183,378, governmental activities
- Front Load Trash Truck $372,384, governmental activities
- Advanced Metering Infrastructure (AMI) water meters $309,237 (Construction in Progress), business-type activities
- Repaving $1,809,541, split between governmental activities ($1,765,107) and business-type activities ($44,434)
- Old Nags Head Cove water main infrastructure upgrades $2,072,787, business-type activities

**Town of Nags Head Capital Assets (net of accumulated depreciation)**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | $ 13,187,898 | $ 13,182,598 | $ 204,205 | $ 204,205 | $ 13,392,103 | $ 13,386,803 |
| Art | 107,553 | 107,553 | - | - | 107,553 | 107,553 |
| Construction in progress | 4,325,352 | 1,871,333 | 848,866 | 1,399,038 | 5,174,218 | 3,270,371 |
| Buildings | 4,239,865 | 4,166,028 | 790,947 | 832,894 | 5,030,812 | 4,998,922 |
| Other improvements | 284,384 | 320,559 | 140,026 | 155,767 | 424,411 | 476,326 |
| Improvements | 15,405,292 | 12,013,427 | 254,900 | 273,517 | 15,660,192 | 12,286,944 |
| Equipment | 1,426,055 | 1,549,231 | 187,283 | 138,457 | 1,613,338 | 1,687,688 |
| Vehicles | 4,117,418 | 4,205,472 | 47,900 | 68,942 | 4,165,318 | 4,274,414 |
| Intangibles | - | - | 691,058 | 799,461 | 691,058 | 799,461 |
| Infrastructure | 6,717,140 | 5,466,384 | 4,339,551 | 2,368,469 | 11,056,691 | 7,834,853 |
| Lease equipment | 57,592 | 98,593 | - | - | 57,592 | 98,593 |
| IT subscriptions | 352,172 | - | - | - | 352,172 | - |
| Total | $ 50,220,721 | $ 42,981,178 | $ 7,504,737 | $ 6,240,750 | $ 57,725,458 | $ 49,221,928 |

Additional information on the town's capital assets can be found on pages 47-49 in the notes to the financial statements.

**Long-term Debt.** The Town of Nags Head's total debt increased by $19,820,005. As described earlier, this is attributed to the Town's Limited Obligation Bond issuance of $17,110,000 at par with an additional $2,578,869 generated in issuance premiums. Interest only payments will be made until fiscal year 2025. This obligation will be paid both by the General and Water Funds. No other direct installment finance purchase debt was issued. The implementation of GASB 96 resulted in an increase in IT subscription liabilities for governmental activities of $238,355. The Town's proportionate share of the Local Government Employees' Retirement System (LGERS) net pension liability increased by approximately 282%. Of the increase in the liability to LGERS $3,679,930 relates to governmental activities and $339,655 relates to business-type activities. The increase was offset by a decrease of Total Other post-employment benefits (OPEB) totaling $521,532. Additionally, a debt payment of $2,276,000 was made for the beach nourishment special obligation bond, as well as other direct installment finance purchase debt payments. As of June 30, 2023, the Town had long-term debt totaling $38,170,374. Of this amount, $31,979,938 is reported in the governmental activities and $6,190,436 is reported in the business-type activities.

**Town of Nags Head Outstanding Debt**

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Limited obligation bonds | $12,404,000 | $ - | $ 4,706,000 | $ - | $ 17,110,000 | $ - |
| Deferred amounts: Issuance premiums | 1,968,254 | - | 610,615 | | 2,578,869 | - |
| Direct borrowing installment finance purchases | 3,850,098 | 5,097,186 | 12,582 | 40,799 | 3,862,680 | 5,137,985 |
| Direct placement installment finance purchases | 2,276,000 | 4,552,000 | - | - | 2,276,000 | 4,552,000 |
| Lease liabilities | 59,446 | 99,542 | - | - | 59,446 | 99,542 |
| IT Subscription liabilities | 238,355 | - | - | - | 238,355 | - |
| Total OPEB liability | 4,132,277 | 4,612,008 | 360,060 | 401,861 | 4,492,337 | 5,013,869 |
| Total pension liability (LEOSSA) | 1,243,592 | 1,363,416 | - | - | 1,243,592 | 1,363,416 |
| Net pension liability (LGERS) | 4,987,061 | 1,307,131 | 460,302 | 120,647 | 5,447,363 | 1,427,778 |
| Compensated absences | 820,855 | 721,629 | 40,877 | 34,150 | 861,732 | 755,779 |
| Total | $ 31,979,938 | $ 17,752,912 | $ 6,190,436 | $ 597,457 | $ 38,170,374 | $ 18,350,369 |

For the first time, the Town issued limited obligation bonds and received an Aa1 issuer rating and an Aa2 bond rating from Moody's Investor Service. This bond rating is a clear indication of the sound financial condition of the Town of Nags Head. This achievement is a primary factor in keeping interest costs low on the Town's largest portion of outstanding debt.

Additional information on the Town's debt can be found on pages 63-67 in the notes to the financial statements.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Nags Head is $224,018,130.

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

The Town's economy is reliant on travel, tourism, and related service industries. The 2022 seasonally unadjusted average annual unemployment rate in Dare County of 4.3% is higher than the State of North Carolina's 2022 average of 3.7%, which is the latest average annual information available. Dare County experiences significant seasonality in rates as visitor spending has a direct impact on employment. For example, the seasonally unadjusted unemployment rate was 7.3% in January 2023 compared to 3.7% for the State of North Carolina. Dare County's seasonally unadjusted unemployment rate hit a low of 2.7% in September 2023 compared to 3.2% for the State of North Carolina.

Visitor spending fuels our economy by sustaining local businesses, supporting thousands of jobs, and bringing in tax revenue. Calculating and understanding the holistic economic impact of travel and tourism shapes strategic decisions about the long-term health and sustainability of tourism in assessing capital investment funding and prioritization in order to support future needs. Visitor spending supports businesses across the economic spectrum and generates substantial tax receipts. By aligning tourism expenditures with related sectors, the inter-relationships of visitor spending and economic impact measurements were quantified through "The Economic Impact of Travel on North Carolina's Counties prepared for Visit North Carolina by Tourism Economics" in terms of visitor spending, employment, personal income, employment, and taxes:

| Dare County Visitor Spending (millions) | Lodging | Food & Beverage | Recreation | Retail | Transportation | Total Spending (Millions) | Share of State | Spending Growth Rate | Employment | Share of State | Labor Income (Millions) | State taxes (Millions) | Local Taxes (Millions) | State/Local Tax Savings per resident |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | $464 | $574 | $268 | $174 | $346 | $1,827 | 6.3% | 29.6% | 12,295 | 6.2% | $454 | $68 | $79 | $3,930 |
| 2022 | $553 | $583 | $260 | $176 | $402 | $1,974 | 5.9% | 8.0% | 12,030 | 5.5% | $444 | $66 | $74 | $3,697 |

The economic impact analysis provides valuable insight into the powerful benefit of visitor spending as it flows to households in Dare County being #1 in the state for state and local tax savings per resident, $3,697 compared to the State at $230. Dare County is the fourth highest county in the state for total visitor spending.

Compared to fiscal year 2023 for the same time period (July through September), occupancy tax revenue has come in 5% higher and sales tax revenue has come in 3% higher for the Town of Nags Head. As a point of reference, compared to fiscal year 2022, fiscal year 2023 occupancy tax revenues came in 4% higher and sales tax revenues came in 10% higher. With Dare County's rich variety of unique and distinctive experiences, visitor demand continues to drive our growing economy.

**Budget Highlights for the Fiscal Year Ending June 30, 2024**

The adopted budget for June 30, 2024, includes a 4.25 cent ad valorem tax increase bringing the rate to $.33 per $100 valuation. Increased tax revenues were necessary to repay Limited Obligation Bond debt service for the Public Services Complex. With a tax base of $3,124,190,698, this results in a net levy of $10,284,539. One cent of tax is equal to $312,419. Of the ad valorem rate, $.025 is restricted by the Board for beach nourishment.

The Municipal Service Districts (MSD's) taxes for the purpose of beach nourishment remained unchanged. With a total tax base of $3,152,756,630, this results in a total levy of $1,639,351 for all six districts. The tax rates in the MSD's remained unchanged at $.143 per $100 valuation in Districts 1 and 2, $.005 in Districts 3 and 6, $.01 in District 4, and no tax in District 5.

Tax funds are restricted in the capital investment fund (CIF), a separate fund part of the general fund, to dedicate capital expenditures such as infrastructure projects, capital expenditures, and debt service payments. This year, a $4,120,000 transfer from the general fund was budgeted. Grant revenues of $2,393,474 are additionally budgeted for the general fund to reimburse the CIF for capital grant expenditures. Our fund balance policy transfers any unassigned fund balance above 35% from the general fund to the CIF.

The General Fund adopted budget totals $37,703,256, an increase of $2,682,803, or 8% from the fiscal year 2023 adopted budget. This is attributed to a 25% increase in the transfers from the capital investment fund to the general fund, as described above. As debt service and capital outlay are accounted for in the CIF, new debt service of $775,250 for the Public Services Complex and capital improvements including a $1.3 million grant-funded drainage project can be attributed to this increase.

Dare County distributes sales, occupancy, and land transfer tax revenues using a formula based on our percentage of the total county-wide tax levy. Occupancy and sales tax revenues are good indicators of our tourism-driven economy and are budgeted higher to reflect a continued healthy, growing economy. Land transfer taxes are also budgeted higher than the previous fiscal year. Overall, these tax sources account for over $10,000,000 in revenues, and are budgeted 13% higher than fiscal year 2023.

Our Board has prioritized the Town's employees, making sure Nags Head is a great place to work through pay, benefits, training, and an engaging work environment. This year's budget remains competitive by offering cost of living adjustments, within-grade increases, career progression programs, and 5% Town 401(k) contribution with no required match. Two new police officer positions and funding for part-time fire fighters are also included.

We use a connected Capital Improvement Program (CIP) to combine infrastructure improvement projects, when feasible, under a single project work scope. We have developed a five-year plan for these combined projects. In FY 2024, we will be resurfacing portions of south Memorial Avenue in conjunction with waterline and drainage replacements.

We are opportunistic in supplementing our local funds with grants to provide the greatest value to our taxpayers. We have received grants for vegetative dune planning a 10-mile stretch of oceanfront, a stormwater master plan update and watershed restoration plan, public infrastructure flood mitigation, sidewalks and multi-use paths, and coastal infrastructure improvements.

The water fund adopted budget totals $4,449,142 which is a 35%, or $2,364,822, decrease from the prior year. In fiscal year 2023, funds were budgeted for asbestos cement pipe replacements and Advanced Metering Infrastructure (AMI), which the Town was not awarded.

Both the water base rate and volumetric rates and structures increased 12.3%. This was to accommodate $294,126 in debt service for the Public Services Complex, which is 20% funded through the water fund, and Advanced Metering Infrastructure.

We received an Asset Inventory and Assessment grant to proactively manage our utility system, review our water rates, and plan our Capital Improvement Program. This project will also create a GIS database to create efficiencies in asset management and the integration of multiple data sources and platforms.

We incentivize proactive septic system maintenance in considering the relationship between onsite wastewater, stormwater, surface water, and groundwater. We offer free septic system inspections, a septic pump out water utility bill credit, and low-interest loans for septic system repairs or replacement. We plan to expand our water testing by automating groundwater and water quality monitoring by purchasing data loggers.

**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 Finance Officer, Town of Nags Head, P.O. Box 99, Nags Head, North Carolina 27959. You can also call (252) 441-5508, visit our web site www.nagsheadnc.gov or send an email to Amy.Miller@nagsheadnc.gov for more information.

# BASIC FINANCIAL STATEMENTS

**Town of Nags Head, North Carolina**
**Statement of Net Position**
**June 30, 2023**

**Exhibit 1**

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 14,557,118 | $ 3,863,914 | $ 18,421,032 |
| Taxes receivable (net) | 113 | - | 113 |
| Accounts receivable (net) | 10,822 | 675,789 | 686,611 |
| Leases receivable | 258,404 | - | 258,404 |
| Accrued interest receivable | 123,156 | 22,118 | 145,274 |
| Due from other governments | 2,577,268 | - | 2,577,268 |
| Inventories | 75,422 | 79,975 | 155,397 |
| Prepaid items | 29,554 | - | 29,554 |
| Restricted cash and cash equivalents | 21,595,203 | 5,291,148 | 26,886,351 |
| Total current assets | 39,227,060 | 9,932,944 | 49,160,004 |
| Non-current assets: | | | |
| Leases receivable, non-current | 1,200,594 | - | 1,200,594 |
| Capital Assets: | | | |
| Right to use lease assets, net of amortization | 409,764 | - | 409,764 |
| Land, non-depreciable improvements and construction in progress | 17,620,803 | 1,053,071 | 18,673,874 |
| Other capital assets, net of depreciation | 32,190,154 | 6,451,666 | 38,641,820 |
| Total capital assets | 50,220,721 | 7,504,737 | 57,725,458 |
| Total non-current assets | 51,421,315 | 7,504,737 | 58,926,052 |
| Total assets | 90,648,375 | 17,437,681 | 108,086,056 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension deferrals OPEB | 146,806 | 12,792 | 159,598 |
| Changes of assumptions or other inputs OPEB | 673,040 | 58,644 | 731,684 |
| Pension deferrals LEOSSA | 370,949 | - | 370,949 |
| Pension deferrals LGERS | 3,332,931 | 307,627 | 3,640,558 |
| Total deferred outflows of resources | 4,523,726 | 379,063 | 4,902,789 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 1,002,328 | 185,594 | 1,187,922 |
| Salaries and benefits | 440,645 | 35,061 | 475,706 |
| Accrued interest payable | 207,286 | 55,396 | 262,682 |
| Unearned revenue | 167,218 | - | 167,218 |
| Due to other governments | 3,128 | - | 3,128 |
| Current portion of long-term liabilities | 3,821,433 | 41,001 | 3,862,434 |
| Liabilities to be paid from restricted assets | 650,491 | 616,908 | 1,267,399 |
| Total current liabilities | 6,292,529 | 933,960 | 7,226,489 |
| Long-term liabilities: | | | |
| Due in more than one year | 28,158,505 | 6,149,435 | 34,307,940 |
| Total liabilities | 34,451,034 | 7,083,395 | 41,534,429 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Prepaid taxes | 7,853 | - | 7,853 |
| Prepaid priviledge licenses | 565 | - | 565 |
| Leases | 1,410,974 | - | 1,410,974 |
| Pension deferrals LGERS | 55,309 | 5,105 | 60,414 |
| Pension deferrals LEOSSA | 238,682 | - | 238,682 |
| Pension deferrals OPEB | 1,437,889 | 125,288 | 1,563,177 |
| Prepaid water impact fees | - | 100,000 | 100,000 |
| Total deferred inflows of resources | 3,151,272 | 230,393 | 3,381,665 |
| **NET POSITION** | | | |
| Net investment in capital assets | 41,411,411 | 6,815,447 | 48,226,858 |
| Restricted for: | | | |
| Stabilization by state statute | 3,942,177 | - | 3,942,177 |
| Streets | 45,191 | - | 45,191 |
| Public safety | 115,539 | - | 115,539 |
| Capital reserve fund | 8,847,955 | 34,492 | 8,882,447 |
| Unrestricted | 3,207,522 | 3,653,017 | 6,860,539 |
| Total net position | $ 57,569,795 | $ 10,502,956 | $ 68,072,751 |

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

**Town of Nags Head, North Carolina**
**Statement of Activities**
**For the Year Ended June 30, 2023**

| | | Program Revenues | | |
|---|---|---|---|---|
| **Functions/Programs** | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| **Primary Government:** | | | | |
| Governmental Activities | | | | |
| General Government | $ 13,554,409 | $ 635,277 | $ 633,166 | $ 12,636,151 |
| Public Safety | 8,229,791 | 30,662 | 72,056 | 67,268 |
| Public Services | 3,252,736 | 101,286 | 20,047 | - |
| Environmental Protection | 2,531,073 | 224,668 | 10,000 | - |
| Streets and Drainage | 339,067 | - | - | 172,685 |
| Interest on long-term debt | 329,881 | - | - | - |
| Total governmental activities | 28,236,957 | 991,893 | 735,269 | 12,876,104 |
| Business-type activities: | | | | |
| Water | 3,621,457 | 3,810,628 | - | 506,837 |
| Total business-type activities | 3,621,457 | 3,810,628 | - | 506,837 |
| Total primary government | $ 31,858,414 | $ 4,802,521 | $ 735,269 | $ 13,382,941 |

General revenues:
Taxes:
Property taxes levied for general purpose
Municipal service district taxes
Occupancy tax
Land transfer taxes
Sales taxes
Other taxes and licenses
Other unrestricted intergovernmental revenues
Unrestricted investment earnings
Miscellaneous
Total general revenues

Total change in net position

Net position - beginning

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 | Total |
| $ 350,185 | $ - | $ 350,185 |
| (8,059,805) | - | (8,059,805) |
| (3,131,403) | - | (3,131,403) |
| (2,296,405) | - | (2,296,405) |
| (166,382) | - | (166,382) |
| (329,881) | - | (329,881) |
| (13,633,691) | - | (13,633,691) |
| - | 696,008 | 696,008 |
| - | 696,008 | 696,008 |
| (13,633,691) | 696,008 | (12,937,683) |
| 9,000,291 | - | 9,000,291 |
| 1,644,720 | - | 1,644,720 |
| 4,624,217 | - | 4,624,217 |
| 1,108,709 | - | 1,108,709 |
| 4,395,996 | - | 4,395,996 |
| 76,212 | - | 76,212 |
| 1,007,408 | - | 1,007,408 |
| 56,014 | 42,798 | 98,812 |
| 196,495 | 1,500 | 197,995 |
| 22,110,062 | 44,298 | 22,154,360 |
| 8,476,371 | 772,862 | 9,249,233 |
| 49,093,424 | 9,730,094 | 58,823,518 |
| $ 57,569,795 | $ 10,502,956 | $ 68,072,751 |

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

**Town of Nags Head, North Carolina** **Exhibit 3**
**Governmental Funds**
**Balance Sheet**
**June 30, 2023**

| | Major Funds | | | | | |
|---|---|---|---|---|---|---|
| | General | Beach Renourishment | Beach Nourishment Maintenance | Capital Projects | Total Nonmajor Fund | Total Governmental Funds |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ 11,611,061 | $ - | $ 1,924,729 | $ 85,486 | $ 935,842 | $ 14,557,118 |
| Restricted cash and cash equivalents | 9,015,854 | - | - | 12,579,349 | - | 21,595,203 |
| Taxes receivable (net) | 113 | - | - | - | - | 113 |
| Accounts receivable (net) | 10,822 | - | - | - | - | 10,822 |
| Accrued interest receivable | 108,356 | - | 9,940 | - | 4,860 | 123,156 |
| Due from other governments | 2,577,268 | - | - | - | - | 2,577,268 |
| Inventories | 75,422 | - | - | - | - | 75,422 |
| Leases Receivable | 1,458,998 | - | - | - | - | 1,458,998 |
| Prepaid items | 29,554 | - | - | - | - | 29,554 |
| Total assets | 24,887,448 | - | 1,934,669 | 12,664,835 | 940,702 | 40,427,654 |
| **LIABILITIES** | | | | | | |
| Accounts payable | 931,841 | - | 44,377 | - | 26,110 | 1,002,328 |
| Salaries and benefits | 440,645 | - | - | - | - | 440,645 |
| Due to other governments | 3,128 | - | - | - | - | 3,128 |
| Unearned revenue | 17,218 | - | 150,000 | - | - | 167,218 |
| Liabilities payable from restricted assets: | | | | | | |
| Bonds and deposits | 57,985 | - | - | - | - | 57,985 |
| Accounts payable | - | - | - | 592,506 | - | 592,506 |
| Total liabilities | 1,450,817 | - | 194,377 | 592,506 | 26,110 | 2,263,810 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Prepaid taxes | 7,853 | - | - | - | - | 7,853 |
| Prepaid priviledge licenses | 565 | - | - | - | - | 565 |
| Leases | 1,410,974 | - | - | - | | 1,410,974 |
| Property taxes receivable | 113 | - | - | - | - | 113 |
| Privilege licenses receivable | 1,250 | - | - | - | - | 1,250 |
| Total deferred inflows of resources | 1,420,755 | - | - | - | - | 1,420,755 |
| **FUND BALANCES:** | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 75,422 | - | - | - | - | 75,422 |
| Leases Receivable, net | 48,024 | - | - | - | | 48,024 |
| Prepaids | 29,554 | - | - | - | - | 29,554 |
| Restricted: | | | | | | |
| Restricted for Stabilization by State Statute | 3,942,177 | - | - | - | - | 3,942,177 |
| Restricted for Streets | 45,191 | - | - | - | - | 45,191 |
| Restricted for Public Safety | 115,539 | - | - | - | - | 115,539 |
| Restricted for Capital Reserve Funds | 8,847,955 | - | - | - | - | 8,847,955 |
| Committed: | | | | | | |
| Public Services Complex | - | - | - | 12,072,329 | - | 12,072,329 |
| Beach Nourishment capital projects | - | - | 1,740,292 | - | 914,592 | 2,654,884 |
| Assigned: | | | | | | |
| Subsequent year's expenditures | 350,000 | - | - | - | - | 350,000 |
| Unassigned | 8,562,014 | - | - | - | - | 8,562,014 |
| Total fund balances | 22,015,876 | - | 1,740,292 | 12,072,329 | 914,592 | 36,743,089 |
| Total liabilities, deferred inflows of resources and fund balances | $ 24,887,448 | $ - | $ 1,934,669 | $ 12,664,835 | $ 940,702 | |

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

**Town of Nags Head, North Carolina** **Exhibit 3**
**Governmental Funds** **(Continued)**
**Reconciliation of the Balance Sheet of Governmental Funds**
**To The Statement of Net Position**
**June 30, 2023**

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

| | |
|---|---|
| **Total fund balances-governmental fund (previous page)** | $ 36,743,089 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 49,810,957 |
| Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Right to use assets at histroical cost | 567,214 |
| Accumulated amortization | (157,450) |
| | 409,764 |
| Deferred outflows of resources related to pensions are not reported in the funds. | |
| Pension deferrals - LEOSSA | 370,949 |
| Pension deferrals - OPEB | 146,806 |
| Changes of assumptions or other inputs - OPEB | 673,040 |
| Pension deferrals - LGERS | 3,332,931 |
| | 4,523,726 |
| Deferred inflows of resources related to pensions are not reported in the funds. | |
| Pension related deferrals-LGERS | (55,309) |
| Pension related deferrals-LEOSSA | (238,682) |
| Pension related deferrals-OPEB | (1,437,889) |
| | (1,731,880) |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements: | |
| Deferred taxes receivable | 113 |
| Deferred miscellaneous receivable | 1,250 |
| | 1,363 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds. | (21,617,008) |
| Net pension liability | (4,987,061) |
| Total pension liability | (1,243,592) |
| Total OPEB liability | (4,132,277) |
| Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds. | (207,286) |
| Net position of governmental activities (Exhibit 1) | $ 57,569,795 |

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

**Town of Nags Head, North Carolina** **Exhibit 4**
**Governmental Funds**
**Statement of Revenues, Expenditures and Changes in Fund Balance**
**For the Year Ended June 30, 2023**

| | Major Funds | | | | | |
|---|---|---|---|---|---|---|
| | General Fund | Beach Renourishment | Beach Nourishment Maintenance | Capital Projects | Total Nonmajor Fund | Total Governmental Funds |
| **REVENUES** | | | | | | |
| Ad valorem taxes | $ 10,646,369 | $ - | $ - | $ - | $ - | $ 10,646,369 |
| Other taxes and licenses | 10,205,374 | - | - | - | - | 10,205,374 |
| Unrestricted intergovernmental | 1,007,408 | - | - | - | - | 1,007,408 |
| Restricted intergovernmental | 975,222 | - | 12,611,151 | - | 25,000 | 13,611,373 |
| Permits and fees | 640,052 | - | - | - | - | 640,052 |
| Sales and services | 351,839 | - | - | - | - | 351,839 |
| Net investment earnings (loss) | (362,880) | 60,826 | 34,337 | 248,786 | 74,945 | 56,014 |
| Miscellaneous | 72,831 | - | - | - | - | 72,831 |
| Total revenues | 23,536,215 | 60,826 | 12,645,488 | 248,786 | 99,945 | 36,591,260 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General Government | 3,394,010 | - | - | - | - | 3,394,010 |
| Public Safety | 7,121,801 | - | - | - | - | 7,121,801 |
| Environmental Protection | 2,110,238 | - | - | - | - | 2,110,238 |
| Public Services | 2,363,205 | - | - | - | - | 2,363,205 |
| Streets and Drainage | 90,138 | - | - | - | - | 90,138 |
| Debt service: | | | | | | |
| Principal | 3,627,713 | - | - | - | - | 3,627,713 |
| Interest and other charges | 223,685 | - | - | - | - | 223,685 |
| Capital outlay: | | | | | | |
| General Government | 276,200 | 135,744 | 12,039,739 | - | 1,025,486 | 13,477,169 |
| Public Safety | 737,710 | - | - | - | - | 737,710 |
| Environmental Protection | 564,784 | - | - | - | - | 564,784 |
| Public Services | 419,806 | - | - | 2,120,717 | - | 2,540,523 |
| Streets and Drainage | 1,975,694 | - | - | - | - | 1,975,694 |
| Total expenditures | 22,904,984 | 135,744 | 12,039,739 | 2,120,717 | 1,025,486 | 38,226,670 |
| Revenues over (under) expenditures | 631,231 | (74,918) | 605,749 | (1,871,931) | (925,541) | (1,635,410) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Limited obligation bond proceeds | - | - | - | 14,372,254 | - | 14,372,254 |
| Transfers from: | | | | | | |
| Capital Project Funds | 1,380,289 | - | - | - | - | 1,380,289 |
| Transfers to: | | | | | | |
| Capital Investment Fund | 489,950 | - | - | (489,950) | - | - |
| Capital Reserve Fund | - | (1,380,289) | - | - | - | (1,380,289) |
| Insurance recovery | 4,618 | - | - | - | - | 4,618 |
| IT subscription agreement | 302,881 | - | - | - | - | 302,881 |
| Sale of Capital Assets | 119,048 | - | - | - | - | 119,048 |
| Total other financing sources (uses) | 2,296,786 | (1,380,289) | - | 13,882,304 | - | 14,798,801 |
| Net change in fund balance | 2,928,017 | (1,455,207) | 605,749 | 12,010,373 | (925,541) | 13,163,391 |
| Fund balances - beginning | 19,087,859 | 1,455,207 | 1,134,543 | 61,956 | 1,840,133 | 23,579,698 |
| Fund balances - ending | $ 22,015,876 | $ - | $ 1,740,292 | $ 12,072,329 | $ 914,592 | $ 36,743,089 |

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

**Town of Nags Head, North Carolina** **Exhibit 4**
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities** **(Continued)**
**For the Year Ended June 30, 2023**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net changes in fund balances - total governmental funds | | $ 13,163,391 |
| Governmental funds report capital outlay 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 | 18,862,207 | |
| Loss on disposal of capital asset | (8,865) | |
| Book value on transfer of capital asset from Water Fund | 1,533 | |
| Depreciation | (11,945,222) | 6,909,653 |
| Right to use lease asset capital outlay expenditures which were capitalized | 433,673 | |
| Amortization expense for intangible assets | (122,502) | 311,171 |
| LGERS pension plan deferrals in the current fiscal year are not included on the Statement of Activities | | 900,820 |
| OPEB plan deferrals in the current fiscal year are not included on the Statement of Activities | | 141,061 |
| LEOSSA plan deferrals in the fiscal year are not included on the Statement of Activities | | 52,250 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues/expenditures in the funds. | | |
| Changes in tax revenues | (1,598) | |
| Seized capital asset | 13,419 | |
| Donated capital asset | 5,300 | |
| | | 17,121 |
| 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. | | |
| Debt Issued | (14,675,137) | |
| Increase in accrued interest payable | (106,196) | |
| Principal repayments | 3,627,713 | (11,153,620) |
| 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. | | |
| LGERS pension expense | (1,424,578) | |
| LEOSSA pension expense | (150,551) | |
| Increase in compensated absences | (99,226) | |
| OPEB plan expense | (191,121) | (1,865,476) |
| Total change in net position of governmental activities | | $ 8,476,371 |

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

**Town of Nags Head, North Carolina** **Exhibit 5**
**General Fund**
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Year Ended June 30, 2023**

| | Budgeted Amounts | | | Variance with Final Budget- |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | Positive (Negative) |
| Revenues: | | | | |
| Ad valorem taxes | $ 10,546,600 | $ 10,546,600 | $ 10,646,369 | $ 99,769 |
| Other taxes and licenses | 8,974,102 | 9,049,102 | 10,205,374 | 1,156,272 |
| Unrestricted intergovernmental | 900,700 | 900,700 | 1,007,408 | 106,708 |
| Restricted intergovernmental | 1,932,569 | 1,005,750 | 975,222 | (30,528) |
| Permits and fees | 615,700 | 615,700 | 640,052 | 24,352 |
| Sales and services | 339,650 | 339,650 | 351,839 | 12,189 |
| Net investment earnings | 110,000 | 110,000 | 123,996 | 13,996 |
| Miscellaneous | 25,400 | 32,500 | 72,829 | 40,329 |
| Total revenues | 23,444,721 | 22,600,002 | 24,023,089 | 1,423,087 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 3,636,218 | 3,701,248 | 3,394,010 | 307,238 |
| Public Safety | 7,313,420 | 7,484,118 | 7,121,801 | 362,317 |
| Environmental Protection | 2,367,446 | 2,378,357 | 2,110,238 | 268,119 |
| Public Services | 2,507,890 | 2,645,651 | 2,363,205 | 282,446 |
| Streets and Drainage | 97,200 | 123,350 | 90,138 | 33,212 |
| Debt service: | | | | |
| Principal | 3,523,093 | 3,563,191 | 3,627,713 | (64,522) |
| Interest and other charges | 467,829 | 235,683 | 223,685 | 11,998 |
| Capital outlay: | | | | |
| General Government | 201,500 | 319,053 | 276,200 | 42,853 |
| Public Safety | 466,221 | 1,079,825 | 737,710 | 342,115 |
| Environmental Protection | 530,142 | 769,599 | 564,784 | 204,815 |
| Public Services | 1,030,137 | 654,739 | 419,806 | 234,933 |
| Streets and Drainage | 1,613,482 | 2,212,935 | 1,975,694 | 237,241 |
| Contingency | 125,000 | - | - | - |
| Total expenditures | 23,879,578 | 25,167,749 | 22,904,984 | 2,262,765 |
| Revenues over (under) expenditures | (434,857) | (2,567,747) | 1,118,105 | 3,685,852 |
| Other financing sources (uses): | | | | |
| Transfers from Capital Reserve Fund | 2,511,902 | 3,179,227 | 3,146,286 | (32,941) |
| Transfers from Capital Investment Fund | 5,378,880 | 4,599,200 | 4,303,533 | (295,667) |
| Transfers to Capital Reserve Fund | (3,690,860) | (3,765,860) | (3,730,136) | 35,724 |
| Transfers to Capital Investment Fund | (7,450,015) | (6,062,723) | (6,058,223) | 4,500 |
| Installment financing | 389,950 | - | - | - |
| Sale of Capital Assets | 20,000 | 20,000 | 119,048 | 99,048 |
| Insurance recovery | - | - | 4,618 | 4,618 |
| IT subscription agreement | - | - | 302,881 | 302,881 |
| Appropriated Fund Balance | 3,275,000 | 4,597,903 | - | (4,597,903) |
| Total other financing sources (uses) | 434,857 | 2,567,747 | (1,911,993) | (4,479,740) |
| Net change in fund balance | $ - | $ - | (793,888) | $ (793,888) |
| Fund balances, beginning of the year | | | 13,961,809 | |
| Fund balances, end of year | | | $ 13,167,921 | |
| | | | | |
| A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Interest Income | | | $ (199,411) | |
| Transfers to General Fund | | | (3,146,285) | |
| Transfers from Capital Project Fund | | | 1,380,289 | |
| Transfers from General Fund | | | 3,730,136 | |
| Fund balance, beginning Capital Reserve Fund | | | 5,126,050 | |
| | | | | |
| A legally budgeted Capital Investment Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Interest Income | | | $ (287,465) | |
| Transfers to General Fund | | | (4,303,532) | |
| Transfers from Capital Project Fund | | | 489,950 | |
| Transfers from General Fund | | | 6,058,223 | |
| Fund balance, beginning Capital Investment Fund | | | - | |
| Fund balance, end of year consolidated General Fund | | | $ 22,015,876 | |

The accompanying notes an integral part of the financial statements.

**Town of Nags Head, North Carolina** **Exhibit 6**
**Proprietary Funds**
**Statement of Fund Net Position**
**June 30, 2023**

| | Business-type Activities | |
|---|---|---|
| | Water Fund | Total Enterprise Funds |
| | Water Fund | June 30, 2023 |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 3,863,914 | $ 3,863,914 |
| Accounts receivable trade (net) | 610,289 | 610,289 |
| Accounts receivable other (net) | 87,618 | 87,618 |
| Inventories | 79,975 | 79,975 |
| Restricted cash and cash equivalents | 5,291,148 | 5,291,148 |
| Total current assets | 9,932,944 | 9,932,944 |
| Noncurrent assets: | - | - |
| Capital assets: | | |
| Land and construction in progress | 1,053,071 | 1,053,071 |
| Other capital assets, net of depreciation | 6,451,666 | 6,451,666 |
| Total capital assets (net) | 7,504,737 | 7,504,737 |
| Total noncurrent assets | 7,504,737 | 7,504,737 |
| Total assets | 17,437,681 - | 17,437,681 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension deferrals OPEB | 12,792 | 12,792 |
| Changes of assumptions or other inputs OPEB | 58,644 | 58,644 |
| Pension deferrals LGERS | 307,627 | 307,627 |
| Total deferred outflows of resources | 379,063 | 379,063 |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | 185,594 | 185,594 |
| Salaries and benefits | 35,061 | 35,061 |
| Accrued interest payable | 55,396 | 55,396 |
| Compensated absences - current | 20,000 | 20,000 |
| Direct placement installment purchases-current | 21,001 | 21,001 |
| Liabilities payable from restricted assets: | | |
| Customer bonds and deposits | 616,908 | 616,908 |
| Total current liabilities | 933,960 | 933,960 |
| Noncurrent liabilities: | | |
| Net pension liability | 460,302 | 460,302 |
| Compensated absences | 20,877 | 20,877 |
| Total OPEB liability | 345,350 | 345,350 |
| Limited obligation bonds | 5,316,615 | 5,316,615 |
| Direct placement installment purchases | 6,291 | 6,291 |
| Total noncurrent liabilities | 6,149,435 | 6,149,435 |
| Total liabilities | 7,083,395 | 7,083,395 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension deferrals LGERS | 5,105 | 5,105 |
| Pension deferrals OPEB | 125,288 | 125,288 |
| Prepaid water cunsumption units | 100,000 | 100,000 |
| Total deferred inflows of resources | 230,393 | 230,393 |
| **NET POSITION** | | |
| Net investment in capital assets | 6,815,447 | 6,815,447 |
| Restricted for capital reserve fund | 34,492 | 34,492 |
| Unrestricted | 3,653,017 | 3,653,017 |
| Net Position | $ 10,502,956 | $ 10,502,956 |



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

**Town of Nags Head, North Carolina** **Exhibit 7**
**Proprietary Funds**
**Statement of Revenues, Expenses and Changes in Fund Net Position**
**For the Year Ended June 30, 2023**

| | Business-type Activities | |
|---|---|---|
| | Major Fund Water Fund | Total Enterprise Funds |
| **OPERATING REVENUES** | | |
| Charges for services | $ 3,758,134 | $ 3,758,134 |
| Tap and connection fees | 27,505 | 27,505 |
| Late payment penalties | 23,289 | 23,289 |
| Non-payment fees | 1,700 | 1,700 |
| Miscellaneous | 1,500 | 1,500 |
| **Total operating revenues** | 3,812,128 | 3,812,128 |
| **OPERATING EXPENSES** | | |
| Administration | 311,198 | 311,198 |
| Septic Health | 122,215 | 122,215 |
| Operations | 1,674,748 | 1,674,748 |
| Distribution | 1,067,814 | 1,067,814 |
| Depreciation and amoritzation | 387,925 | 387,925 |
| **Total operating expenses** | 3,563,900 | 3,563,900 |
| **Total operating income** | 248,228 | 248,228 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Non-capital contribution | 32,556 | 32,556 |
| Investment earnings | 111,241 | 111,241 |
| Change in fair market value of investments | (68,443) | (68,443) |
| Interest expense | (56,024) | (56,024) |
| Premium on limited obligation bonds | - | - |
| Loss on disposal of capital assets | (1,533) | (1,533) |
| **Total nonoperating revenues (expenses)** | 17,797 | 17,797 |
| **Income Before Contributions and Transfers** | 266,025 | 266,025 |
| Capital contributions | 506,837 | 506,837 |
| **Change in net position** | 772,862 | 772,862 |
| **Total net position - beginning** | 9,730,094 | 9,730,094 |
| **Total net position - ending** | $ 10,502,956 | $ 10,502,956 |

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

**Town of Nags Head, North Carolina** **Exhibit 8**
**Proprietary Funds**
**Statement of Cash Flows**
**For the Year Ended June 30, 2023**

| | Business-Type Activities | |
|---|---|---|
| | Major Fund Water Fund | Total Enterprise Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash received from customers | $ 3,778,141 | $ 3,778,141 |
| Cash paid for goods and services | (2,200,801) | (2,200,801) |
| Cash paid to or on behalf of employees for services | (1,002,284) | (1,002,284) |
| Customer deposits received | 48,357 | 48,357 |
| Customer deposits returned | (39,102) | (39,102) |
| Other operating revenues | 1,500 | 1,500 |
| Net cash provided by operating activities | 585,811 | 585,811 |
| **CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Non-capital contribution | 32,556 | 32,556 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Capital conribution | 474,062 | 474,062 |
| System development fees received | 24,775 | 24,775 |
| Limited obligation bond proceeds | 5,316,615 | 5,316,615 |
| Interest paid on debt financing | (731) | (731) |
| Septic Loans issued | (54,300) | (54,300) |
| Repayment of septic loans | 29,838 | 29,838 |
| Principal paid on debt financing | (28,218) | (28,218) |
| Acquisition of capital assets | (1,653,446) | (1,653,446) |
| Net cash provided by capital and related financing activities | 4,108,595 | 4,108,595 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Net investment earnings | 29,567 | 29,567 |
| Net increase in cash and cash equivalents | 4,756,529 | 4,756,529 |
| Cash balances - beginning of the year | 4,398,533 | 4,398,533 |
| Cash balances - end of the year | $ 9,155,062 | $ 9,155,062 |
| **Reconciliation of operating income to net cash provided by operating activities** | | |
| Operating income | $ 248,228 | $ 248,228 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 387,925 | 387,925 |
| Changes in assets, deferred outflows of resources, and liabilities: | | |
| (Increase) in accounts receivable | (32,487) | (32,487) |
| Decrease in inventories | 1,726 | 1,726 |
| (Increase) in deferred outflows of resources-pension | (118,534) | (118,534) |
| Increase in deferred outflows of resources-OPEB | 13,801 | 13,801 |
| Increase in net pension liability | 339,655 | 339,655 |
| (Decrease) in deferred inflows of resources-pension | (172,779) | (172,779) |
| (Decrease) in accounts payable | (94,823) | (94,823) |
| Increase in accrued liabilities | 13,784 | 13,784 |
| Increase in customer deposits | 9,255 | 9,255 |
| Increase in deferred inflows of resources-OPEB | 31,861 | 31,861 |
| (Decrease) in OPEB liability | (41,801) | (41,801) |
| Total adjustments | 337,583 | 337,583 |
| Net cash provided by operating activities | $ 585,811 | $ 585,811 |
| **Schedule of non-cash capital and related financing activities:** | | |
| Loss on disposal of capital asset | $ 1,533 | $ 1,533 |

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

## I. Summary of Significant Accounting Policies

The accounting policies of the Town of Nags Head conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

### A. Reporting Entity

The Town of Nags Head is a municipal corporation, which is governed by an elected mayor and four commissioners. As required by generally accepted accounting principles, these financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The component unit of the Town has no financial transactions or account balances at the end of the fiscal year; therefore, it does not appear in the basic financial statements.

Component Unit – Nags Head Leasing Corporation (Corporation) is a not-for-profit corporation formed and operated for the purpose of providing financial assistance to the Town of Nags Head and to enable the Town to acquire water system improvements or other capital items and is governed by a board comprised of the Town of Nags Head's governing board. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

### B. Basis of Presentation

*Government-wide Statements*: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, grants, and various other taxes and licenses. The primary expenditures are for general government services, public safety, public works, streets and drainage, and environmental protection services. Additionally, the Town has legally adopted a **Capital Reserve Fund** and a **Capital Investment Fund**, funds that are restricted for future capital projects, and are consolidated in the General Fund.

**Beach Renourishment Capital Project Fund.** This multi-year fund accounts for the Town's maintenance on a 2019 beach nourishment project.

**Beach Nourishment Maintenance Capital Project Fund.** This multi-year fund accounts for the Town's maintenance on a 2022 beach nourishment restoration project.

**Capital Projects Fund.** This multi-year fund accounts for monies used for the acquisition, construction and improvements of various capital equipment and facilities.

The Town reports one non-major governmental fund, a legally budgeted capital project fund –the beach nourishment master plan capital project fund accounting for long-term beach nourishment planning.

The Town reports the following major enterprise fund:

**Water Fund.** This fund accounts for the Town's water operations. Additionally, the Town maintains two other legally budgeted funds, the Water Capital Reserve Fund and the Water Capital Projects Fund, which are consolidated into the Water Fund.

### C. Measurement Focus and Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements*. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 system. 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 nonoperating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and are for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes 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 Nags Head because the tax is levied by Dare County and then remitted to and distributed by the State. 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

## D. Budgetary Data

1. Budget

As required by the North Carolina General Statutes, the governing board must adopt, by July 1, an annual balanced budget ordinance for all funds except for those funds that operate under project ordinances. All annual appropriations lapse at fiscal year-end. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system used in recording transactions. Multi-year capital project ordinances have been adopted for the Beach Renourishment, Beach Nourishment Maintenance, Beach Nourishment Master Plan, Capital Project, and Capital Project Funds which are general governmental fund capital projects. The Water Capital Project Fund is an enterprise fund and is consolidated with the

Water Fund for reporting purposes. Capital Reserve ordinances have been adopted for the Capital Reserve Fund, Capital Investment Fund, and Water Capital Reserve Fund, and a revised budget is amended as reserve funds have been used.

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.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Budgetary control is exercised in all funds, and appropriations are made at the departmental level and amended as necessary by the governing board. The Town Manager, by law, is the budget officer in the council-manager form of government and is authorized to transfer amounts between objects of expenditures within a department without limitation and without a report being requested; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary.

2. Encumbrances

As required by North Carolina State Statute 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 unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town 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 Super NOW accounts, money market accounts, and certificates of deposit.

State law [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 high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), a SEC-registered money market mutual fund.

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 securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, are measured at fair value. Because the NCCMT Government Portfolio has a weighted average 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 are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

In accordance with State law, the Town has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of General and Water fund limited obligation bonds issued by the Town are classified as restricted assets for the General and Enterprise Funds because their use is completely restricted to the purpose for which the bonds were originally issued. Money in the Capital Reserve Funds are classified as restricted as their use is restricted to the Capital Reserve Funds per NC G. S. Chapter 159, Article 3, Part 2. NC G. S. Chapter 162A, Article 8 requires that all system development fee capital contributions for future capital projects and debt service payments related to the Town's water system be accounted for in a capital reserve fund. North Carolina controlled substance excise taxes and federally forfeited funds that are shared with the Town of Nags Head are classified as restricted assets since they may only be used for law enforcement purposes. Any proceeds obtained through the sale of property acquired through the Federal Excess Property Program must be allocated to the law enforcement budget. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.1. Customer deposits in the Water Fund are held by the Town for the duration of the customer's water service until such time as water service is discontinued at which point they are returned to the customer in part or in full after satisfying any outstanding balance are reported as restricted assets. Bonds and deposits held in both the General and Water Funds are held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Nags Head Restricted Cash:

| | | |
|---|---|---|
| Governmental Activities: | | |
| General Fund | Unexpended bond proceeds | $ 12,579,349 |
| | Streets | 45,191 |
| | Public safety | 115,539 |
| | Capital Reserve Fund | 6,855,999 |
| | Capital Investment Fund | 1,941,140 |
| | Bonds and deposits | 57,985 |
| Total General Fund | | $ 21,595,203 |
| | | |
| Business-type Activities: | | |
| Water Fund | Unexpended bond proceeds | $ 4,789,264 |
| | Customer deposits | 458,271 |
| | Capital Reserve Fund | 34,333 |
| | Cash bonds | 9,280 |
| Total Business-type activities | | $ 5,291,148 |
| | | |
| Total Restricted Cash | | $ 26,886,351 |

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2022.

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. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the leases.

7. Inventory 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 recognized 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 fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when used or held for resale 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.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of five years. Minimum capitalization costs are as follows: land $1; artwork $5,000; buildings $20,000; improvements $5,000; infrastructure $100,000; equipment $5,000; vehicles $5,000; and other capital assets $5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. 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.

In conjunction with implementing GASB 34, "The New Reporting Model", the Town began capitalizing public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, water lines, and lighting systems as of July 1, 2003. Infrastructure assets exceeding the

Town's capitalization threshold will be reported as capital assets in the Statement of Net Assets. Infrastructure assets acquired prior to July 1, 2003, were not retroactively reported; therefore, the infrastructure capital assets in the Statement of Net Assets only include assets purchased after July 1, 2003.

The Town's capital assets also include certain right to use assets. These 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 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 at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The 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 right to use subscription assets should be amortized on a straight-line basis over the subscription term.

Land, construction in progress, and artwork are not depreciated. The remaining capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Lives |
|---|---|
| Infrastructure | 5 to 40 |
| Buildings | 10 to 40 |
| Improvements | 5 to 40 |
| Vehicles and motorized equipment | 5 to 10 |
| Equipment | 5 to 20 |
| Other capital assets | 5 to 20 |

9. 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*, represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The Town has several items that meet this criterion, contributions made to the pension plan in the 2023 fiscal year for the Law Enforcement Officers' Special Separation Allowance (LEOSSA), the OPEB plan, and the Local Government Employees' Retirement System (LGERS), as well as other pension and OPEB deferrals and changes of assumptions for the 2023 fiscal year. In addition to

liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources* represent an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, prepaid privilege licenses, leases, prepaid water impact fees, receivables for property taxes and privilege licenses unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), and OPEB and pension deferrals.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums. Bond issuance costs are expensed in the reporting period in which they are incurred.

In fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

11. Compensated Absences

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

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

In accordance with the Fair Labor Standards Act, the Town allows nonexempt employees to accrue compensatory time up to the specified limits of 240 hours and 480 hours for nonexempt employees who work in public safety, emergency response, or seasonal activities. The Town uses a first-in, first-out method for the use of this compensatory time.

12. Reimbursement for Pandemic-related Expenditures

In fiscal year 2023, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated $948,124 of fiscal recovery funds to be paid in two equal installments. The first installment of $474,062 was received in July 2021. The second installment was received in July 2022. Town staff and the Board of Commissioners have elected to use the entire allocation of the ARPA funds for water line infrastructure improvements. The entire allocation has been used and recorded in the water fund.

13. Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in a 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.

Leases Receivable, net– portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

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

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

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Restricted for Capital Reserve Funds – portion of fund balance that is restricted by State Statue [N.C.G.S.159-18] for legally adopted capital reserve funds which have been consolidated with the General Fund due to GASB 54. This amount represents capital reserve funds for use of debt service, capital outlay, and administrative, recreation, public safety, environmental protection, drainage, and beach nourishment projects.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Nags Head's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires a majority action of 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. The governing body approved these capital project budget ordinances. The budget ordinances require Board of Commissioner approval to modify monies allocated between object levels for multi-year funds.

Committed for public services complex - portion of fund balance that has been budgeted by the Board of Commissioners for construction of the public services complex that is not classified in restricted.

Committed for beach nourishment capital projects – portion of fund balance that has been budgeted by the Board of Commissioners for beach nourishment maintenance and planning that is not classified in restricted.

Assigned fund balance - portion of fund balance that the Town of Nags Head intends to use for specific purposes as determined by the Town of Nags Head Board of Commissioners.

Assigned for subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted or committed.

Unassigned fund balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In the proprietary fund financial statements, net position is composed of three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The proprietary fund types of net position are as follows:

Net investment in capital assets – portion of net position representing total net capital assets and unexpended bond proceeds, less long-term debt.

Restricted net position - portion of net position that is restricted by State Statue [N.C.G.S.159-18] for a legally adopted capital reserve fund which has been consolidated with the Water Fund due to GASB 54. This amount represents capital reserve funds for use for funding capital improvements and debt payments related to the Town's water system. State Statute [N.C.G.S. 162A, Article 8] requires that all system development fee capital contributions be accounted for in a capital reserve fund.

Unrestricted net position – portion of net position that has not been restricted to specific purposes.

The Town of Nags Head has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local 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 in the best interest of the Town or when required by grant or other contractual agreements.

14. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 Nags Head's employer contributions are recognized when due and the Town of Nags Head has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## G. 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 $20,826,705 consists of several elements as follows:

| | | |
|---|---|---|
| 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) | $ 147,871,608 | |
| Less accumulated depreciation | (98,060,652) | |
| Net capital assets | | 49,810,956 |
| Right to use lease assets used in governmental activities are not financial resource and therefore are not reported in the funds: | | |
| Right to use assets at historical cost | 567,214 | |
| Accumulated amortization | (157,450) | |
| | | 409,764 |
| Deferred outflows of resources related to pensions are not reported in the funds: | | |
| Pension related deferrals-LGERS | 3,332,931 | |
| Pension related deferrals-LEOSSA | 370,949 | |
| Changes of assumptions or other inputs-OPEB | 673,040 | |

| | | |
|---|---|---|
| Pension related deferrals-OPEB | 146,806 | |
| | | 4,523,726 |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements: | | |
| Deferred taxes receivable | 113 | |
| Deferred miscellaneous receivable | 1,250 | |
| | | 1,363 |
| Deferred inflows of resources related to pensions are not reported in the funds: | | |
| Pension related deferrals-LGERS | (55,309) | |
| Pension related deferrals -LEOSSA | (238,682) | |
| Pension related deferrals -OPEB | (1,437,889) | |
| | | (1,731,880) |
| 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: | | |
| Direct placement installment financings payable | (6,126,098) | |
| Compensated absences | (820,855) | |
| Limited obligation bond proceeds | (14,372,254) | |
| Subscription liabilities | (238,355) | |
| Lease liabilities | (59,446) | |
| Net pension liability-LGERS | (4,987,061) | |
| Total pension liability-LEOSSA | (1,243,592) | |
| Total OPEB liability | (4,132,277) | |
| | | (31,979,938) |
| Other long-term liabilities (accrued interest) are not available to pay for current period expenditures and, are deferred in the funds. | | (207,286) |
| Net adjustment | | $ 20,826,705 |

## 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 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 ($4,687,020) as follows:

Governmental funds report capital outlay 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 | 18,862,207 |
| Loss on disposal of capital asset that is recorded on the statement of activities but not in the fund statements | (8,865) |

| | | |
|---|---|---|
| Book value on transfer of capital asset from Water Fund | 1,533 | |
| 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 | (11,945,222) | |
| | | 6,909,653 |
| Right to use lease asset capital outlay expenditures which were capitalized | 433,673 | |
| Amortization expense for intangible assets | (122,502) | |
| | | 311,171 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. | | 900,820 |
| Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities. | | 141,061 |
| Benefit payments paid and administrative expenses for the LEOSSA plan are not included on the Statement of Activities | | 52,250 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues/expenditures in the funds. | | |
| Changes in tax revenues | (1,598) | |
| Seized capital asset | 13,419 | |
| Donated capital asset | 5,300 | |
| | | 17,121 |

The issuance of long-term debt (e.g., installment financing contracts from direct borrowings and direct placements) provides current financial resources 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:

| | | |
|---|---|---|
| Debt issued or incurred: | | |
| Limited obligation bond proceeds | (14,372,254) | |
| Right of use subscription | (302,883) | |
| Increase in accrued interest payable | (106,196) | |
| | (14,781,333) | |
| Principal repayments | 3,627,713 | |
| | | (11,153,620) |
| 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. | | |
| Increase in compensated absences | (99,226) | |

| | | |
|---|---|---|
| Pension expense - LGERS | (1,424,578) | |
| Pension expense - LEOSSA | (150,551) | |
| Plan expense - OPEB | (191,121) | |
| | | (1,865,476) |
| Net adjustment | | $(4,687,020) |

### H. 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.

## II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government activities by $64,522. This over-expenditure occurred because of reclassifications for IT subscriptions as required by the initial implementation of GASB 96. Management and the Board will more closely review the budget reports to ensure compliance in future years.

## III. Detail Notes on All Funds

### A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its 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 policy regarding custodial risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of $1,316,200 and a bank balance of $1,291,230. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled $250.

2. Investments

At June 30, 2023, the Town's investments were as follows:

| Investment Type | Valuation Measurement Method | Book Value at 6/30/23 | < 9 months | 9 months-3 Years | 3-5 Years | 5-10 Years |
|---|---|---|---|---|---|---|
| Government Agency: FHLMC | Fair Value Level 2 | 1,730,714 | - | - | 99,094 | 1,631,620 |
| Government Agency: FHL Bank | Fair Value Level 2 | 9,453,805 | - | 3,730,279 | 1,844,256 | 3,879,270 |
| Government Agency: FFC Bank | Fair Value Level 2 | 9,282,165 | - | 5,010,185 | 1,751,240 | 2,520,740 |
| Government Agency: FNMA | Fair Value Level 2 | 1,303,590 | - | 453,230 | - | 850,360 |
| Commercial Paper- Credit Agricole | Amortized Cost | 976,050 | 976,050 | - | - | - |
| Commercial Paper - ING US Funding | Amortized Cost | 971,526 | 971,526 | - | - | - |
| Commercial Paper – Llyods Bank | Amortized Cost | 964,386 | 964,386 | - | - | - |
| Commercial Paper – MUFG Bank | Amortized Cost | 963,162 | 963,162 | - | - | - |
| Commercial Paper – Natixis NY | Amortized Cost | 960,322 | 960,322 | - | - | - |
| NC Capital Management Trust- Government Portfolio* | Fair Value Level 1 | 17,385,214 | 17,385,214 | - | - | - |
| Total | | $43,990,934 | $22,220,660 | $ 9,193,694 | $3,694,590 | $ 8,881,990 |

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 priced.

*Interest Rate Risk* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's Investment Policy limits at least 40% of the Town's investment portfolio to maturities of less than 9 months. Per Town policy, investment maturities are required to be limited to at least 40% less than 9 months, at least 50% less than 3 years, at least 70% less than 5 years, at least 90% less than 10 years, and 100% less than fifteen years. As of June 30, the NC Capital Management Trust portfolio at 0.04% and

Commercial Paper at 10.67% matured in less than 9 months, 20.29% of U.S. Government Agencies matured in less than 3 years, 8.15% of U.S Government Agencies matured in less than 5 years, and 19.60% of U.S. Government Agencies matured in less than 10 years based on the $45,307,134 cash and investments total.

Also, the Town's Internal Management Policy requires purchases of securities to be laddered with staggered maturity dates. Investment income of $683,381 was realized during fiscal year 2023. During the year four investments were sold for a realized loss of ($72,698). Because of the fair market value on June 30, unrealized loss on investments held on June 30 was ($511,871). When combined, total investment income for fiscal year 2023 was $98,812.

*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 rating service. The Town's investment in Credit Suisse and ING US Funding commercial paper is rated A-1 by Standard and Poor's and P-1 by Moody's Investors Service. The Town's investments in US agencies, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association 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, which consists of an SEC-registered mutual fund, is authorized by N.C.G.S. 159-309(c) (8). The Government Portfolio, which invests in treasuries and government agencies, is a money market fund (2a7) and maintains an AAAm rating from Standard and Poor's and AAAmf by Moody's Investors Service as of June 30, 2023. It is reported at fair value.

*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. Agents must have a trust department authorized to do trust work in North Carolina and have an account with the Federal Reserve. Certified securities are to be in the custody of the Finance Officer.

*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 Bank at 20.87% and Federal Farm Credit Bank at 20.49%.

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in Exhibit 1 at June 30, 2023, are net of the allowances for doubtful accounts:

| | Accounts | Taxes | Due from other Governments | Insurance Proceeds | Interest Receivable | Total |
|---|---|---|---|---|---|---|
| **Governmental** | | | | | | |
| General | $ 5,694 | $ 5,113 | $ 2,577,268 | $ 5,128 | $ 123,156 | $ 2,716,359 |
| Allowance for doubtful accounts | - | (5,000) | - | - | - | (5,000) |
| Total governmental activities | $ 5,694 | $ 113 | $ 2,577,268 | $ 5,128 | $ 123,156 | $ 2,711,359 |
| **Business-type** | | | | | | |
| Water | $ 694,558 | $ - | $ - | $ - | $ 22,118 | $ 716,676 |
| Allowance for doubtful accounts | (18,769) | - | - | - | - | (18,769) |
| | | | | | | - |
| Total business type activities | $ 675,789 | $ - | $ - | $ - | $ 22,118 | $ 697,907 |

Due from other governments consisted of the following:

| | |
|---|---|
| Occupancy tax | $ 1,138,196 |
| Land transfer tax | 311,396 |
| Sales taxes | 713,086 |
| Sales tax reimbursement | 198,319 |
| Utilities sales tax | 196,596 |
| N.C. Division of Motor Vehicles | 15,556 |
| Other | 4,119 |
| Total | $ 2,577,268 |

4. Leases Receivable

On July 1, 2021, the Town of Nags Head recorded a 107-month lease (original lease date of May 22, 2015) as Lessor for the use of Water Tower - 123 West Westside Court. An initial lease receivable was recorded in the amount of $362,953. As of June 30, 2023, the value of the lease receivable is $291,973. The lessee is required to make monthly fixed payments of $3,116. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2023, was $281,543, and the town recognized lease revenue of $40,705 during the fiscal year. The lease has 4 extension options, each for 60 months. The town has 1 extension option for 60 months.

On July 1, 2021, the Town of Nags Head recorded an 18-month lease (original lease date of November 8, 2019) as Lessor for the use of Lab Space - 425 Health Center Drive. An initial lease receivable was recorded in the amount of $18,393. As of June 30, 2023, the value of the lease receivable is $0. The lessee is required to make monthly fixed payments of $1,025. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2023, was $0, and Nags Head recognized lease revenue of $6,131 during the fiscal year. The lease has 1 extension option for 12 months. The town has 1 extension option for 12 months.

On July 1, 2021, the Town of Nags Head recorded an 80-month lease (original lease date April 26, 2018) as Lessor for the use of Century Link Gull St Building. An initial lease receivable was recorded in the amount of $91,473. As of June 30, 2023, the value of the lease receivable is $64,126. The lessee is required to make annual fixed payments of $13,646. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2023, was $64,258, and the town recognized lease revenue of $13,608 during the fiscal year. The lease has 2 extension options, each for 60 months.

On December 15, 2021, the Town of Nags Head entered into a 50-month lease as Lessor for the use of 105 West Seachase Drive. An initial lease receivable was recorded in the amount of $285,021. As of June 30, 2023, the value of the lease receivable is $189,027. The lessee is required to make monthly fixed payments of $5,610. The lease has an interest rate of 0.6480%. The value of the deferred inflow of resources as of June 30, 2023, was $180,489, and the town recognized lease revenue of $67,683 during the fiscal year. The lease has 1 extension option for 60 months.

On July 1, 2021, the Town of Nags Head recorded a 107-month (original lease date May 18, 2020) lease as Lessor for the use of Town Hall Monopole - 5401 South Croatan Highway. An initial lease receivable was recorded in the amount of $299,916. As of June 30, 2023, the value of the lease receivable is $241,286. The lessee is required to make monthly fixed payments of $2,575. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2023, was $232,645, and the town recognized lease revenue of $33,635 during the fiscal year. The lease has 4 extension options, each for 60 months. The lessee had a termination period of 3 months as of the lease commencement.

On July 1, 2021, the Town of Nags Head recorded a 79-month lease (original lease date February 6, 2009) as Lessor for the use of Wireless Tower - 5401 South Croatan Highway. An initial lease receivable was recorded in the amount of $279,970. As of June 30, 2023, the value of the lease receivable is $202,510. The lessee is required to make monthly fixed payments of $3,231. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2023, was $195,095, and the town recognized lease revenue of $42,438 during the fiscal year. The lease has 1 extension option for 60 months.

On July 1, 2021, the Town of Nags Head recorded a 97-month lease (original lease date September 6, 2017) as Lessor for the use of Communications Water Tower. An initial lease receivable was recorded in the amount of $483,862. As of June 30, 2023, the value of the lease receivable is $376,956. The lessee is required to make monthly fixed payments of $4,615. The lease has an interest rate of 0.6480%. The value of the deferred inflow of resources as of June 30, 2023, was $364,226, and the town recognized lease revenue of $59,818 during the fiscal year. The lease has 2 extension options, each for 60 months. The town had a termination period of 1 month as of the lease commencement.

On January 1, 2023, the Town of Nags Heads entered into a 108-month lease as Lessor for the use of Lab Space - 425 Health Center Drive. An initial lease receivable was recorded in the amount of $98,173. As of June 30, 2023, the value of the lease receivable is $93,120. The lessee is required to make monthly fixed payments of $1,025. The lease has an interest rate of 2.7540%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2023 was $92,719, and the town recognized lease revenue of $5,454 during the fiscal year. The lessee has 1 extension option for 12 months.

**Principal and Interest Expected to Maturity**

| Fiscal Year | Governmental Activities | | |
|---|---|---|---|
| | Principal Payments | Interest Payments | Total Payments |
| 2024 | $ 258,404 | $ 10,909 | $ 269,312 |
| 2025 | 269,996 | 8,992 | 278,988 |
| 2026 | 253,779 | 7,028 | 260,807 |
| 2027 | 213,174 | 5,341 | 218,515 |
| 2028 | 187,146 | 3,723 | 190,870 |
| 2029 - 2032 | 2,764,500 | 3,665 | 280,165 |
| Total | $ 3,946,999 | $ 39,658 | $ 1,498,657 |

5. Capital Assets

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| **Capital assets not being depreciated:** | | | | |
| Land | $ 13,182,598 | $ 5,300 | $ - | $ 13,187,898 |
| Art | 107,553 | - | - | 107,553 |
| Construction in progress | 1,871,333 | 2,725,540 | 271,521 | 4,325,352 |
| Total capital assets not being depreciated | 15,161,484 | 2,730,840 | 271,521 | 17,620,803 |
| **Capital assets being depreciated:** | | | | |
| Buildings | 8,930,154 | 313,833 | - | 9,243,987 |
| Other improvements | 449,378 | - | - | 449,378 |
| Improvements | 45,639,177 | 13,383,649 | - | 59,022,825 |
| Equipment | 4,733,565 | 266,612 | 163,047 | 4,837,130 |
| Vehicles and motorized equipment | 11,270,280 | 687,338 | 1,781,398 | 10,176,219 |
| Infrastructure | 44,720,421 | 1,800,845 | - | 46,521,266 |
| Total capital assets being depreciated | 115,742,975 | 16,452,277 | 1,944,445 | 130,250,805 |
| **Less accumulated depreciation for:** | | | | |
| Buildings | 4,764,126 | 239,996 | - | 5,004,122 |
| Other improvements | 128,819 | 36,175 | - | 164,994 |
| Improvements | 33,625,750 | 9,991,784 | - | 43,617,534 |
| Equipment | 3,184,335 | 389,787 | 163,047 | 3,411,075 |
| Vehicles and motorized equipment | 7,064,808 | 766,527 | 1,772,533 | 6,058,801 |
| Infrastructure | 39,254,037 | 550,089 | - | 39,804,126 |
| Total accumulated depreciation | 88,021,875 | 11,974,358 | 1,935,580 | 98,060,652 |
| Total capital assets being depreciated, net | 27,721,100 | 4,477,919 | 8,865 | 32,190,154 |
| **Capital assets being amortized:** | | | | |
| Right to use assets: | | | | |
| Lease equipment | 140,004 | - | 6,464 | 133,540 |
| IT subscriptions | - | 433,674 | - | 433,674 |
| Total capital assets being amortized | 140,004 | 433,674 | 6,464 | 567,214 |
| **Less accumulated amortization for:** | | | | |
| Right to use assets: | | | | |
| Lease equipment | 41,411 | 41,001 | 6,464 | 75,948 |
| IT subscriptions | - | 81,502 | - | 81,502 |
| Total accumulated amortization | 41,411 | 122,503 | 6,464 | 157,450 |
| Total capital assets being amortized, net | 98,593 | 311,171 | - | 409,764 |
| **Governmental activity capital assets, net** | $ 42,981,178 | $ 7,519,930 | $ 280,386 | $ 50,220,721 |

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

| | |
|---|---|
| General Government | $ 9,988,631 |
| Public Safety | 574,193 |
| Public Works | 773,960 |
| Environmental Protection | 359,509 |
| Streets and Drainage | 248,929 |
| Total Depreciation Expense | $ 11,945,222 |

In Governmental activity, a capital asset land donation totaled $5,300, vehicles increased from the reclassification of construction in progress of $150,067, a truck that was transferred from the water fund of $30,669, and a seized vehicle recorded at a current book value of $13,419, buildings increased from the reclassification of construction in progress of $102,663, infrastructure increased from the reclassification of construction in progress of $18,791, and capital outlay purchases were $18,862,206, for a total increase of $19,183,115. Decreases resulted from construction in progress being reclassified in the amount of $271,521, a vehicle transferred to the water department in the amount of $32,609 and capital asset disposals totaling $1,911,836 for a total decrease of $2,215,966. There was a loss on disposal of a capital asset in the environmental protection function of $8,865. Accumulated depreciation on disposals totaled $1,902,971, along with capital asset transfers between funds, which resulted in $32,609 transferring within accumulated depreciation, for a total decrease of $1,935,580. Accumulated depreciation increased by $11,945,222 of depreciation expense and the transfer amount of $29,135, for a total increase of $11,974,357.

Capital asset activities for the Business-type activities for the year ended June 30, 2023, are as follows:

| | Beginning Balances | Increases | Decreases (Transfers) | Ending Balances |
|---|---|---|---|---|
| **Business-Type Activities:** | | | | |
| **Water Fund** | | | | |
| **Capital assets not being depreciated:** | | | | |
| Land | $ 204,205 | $ - | $ - | $ 204,205 |
| Construction in progress | 1,399,038 | 848,866 | 1,399,038 | 848,866 |
| Total capital assets not being depreciated | 1,603,243 | 848,866 | 1,399,038 | 1,053,071 |
| **Capital assets being depreciated:** | | | | |
| Building | 3,283,693 | - | - | 3,283,693 |
| Other | 328,232 | - | - | 328,232 |
| Improvements | 704,641 | - | - | 704,641 |
| Equipment | 1,105,748 | 86,396 | - | 1,192,145 |
| Vehicles and motorized equipment | 255,142 | 32,609 | 30,669 | 257,081 |
| Intangibles | 4,203,619 | - | - | 4,203,619 |
| Infrastructure | 3,581,404 | 2,117,221 | - | 5,698,626 |
| Total capital assets being depreciated | 13,462,479 | 2,236,226 | 30,669 | 15,668,037 |
| **Less accumulated depreciation for:** | | | | |
| Building | 2,450,800 | 41,946 | - | 2,492,746 |
| Other | 172,465 | 15,740 | - | 188,206 |
| Improvements | 431,124 | 18,617 | - | 449,741 |
| Equipment | 967,291 | 37,571 | - | 1,004,862 |
| Vehicles and motorized equipment | 186,200 | 52,117 | 29,136 | 209,181 |
| Intangibles | 3,404,158 | 108,403 | - | 3,512,561 |
| Infrastructure | 1,212,936 | 146,139 | - | 1,359,075 |
| Total accumulated depreciation | 8,824,974 | $ 420,533 | $ 29,136 | 9,216,372 |
| Total capital assets being depreciated, net | 4,637,507 | | | 6,451,666 |
| **Water Fund capital assets, net** | 6,240,750 | | | 7,504,737 |

Depreciation expense of $387,924 was charged to business-type activities and accumulated depreciation in the amount of $32,609 for an asset that was transferred from the general fund for a total increase of $420,533. As used in this section, the term depreciation includes amortization of intangible assets.

A capital asset was transferred to the general fund in the amount of $30,669. There was $29,136 accumulated depreciation that was associated with this transfer.

The government has active construction projects as of June 30, 2023. At year-end, the government's estimated commitments to projects ongoing are as follows:

| Project | Spent-to-date | Remaining Commitment |
|---|---|---|
| AMI Water Meters | $ 309,237 | $1,401,944 |
| Ground Water Management | 9,450 | 82,389 |
| Epstein Street Bath House | 58,104 | 25,590 |
| S Memorial Ave/Linda Lane Survey | 19,300 | 2,800 |
| Lobby Renovations | 27,233 | 55,760 |
| South Virginia Dare Trail Multiuse Path | 16,900 | 43,100 |
| Dune Infiltration Design Project | 46,000 | 3,075 |
| Fire Apparatus | 1,133,752 | 295,254 |
| Commercial Side Load Sanitation Truck | 194,682 | 142,222 |
| Peterbilt Dumpster Truck | 115,417 | 46,596 |
| Peterbilt Dump Truck | 132,844 | 48,288 |
| Public Works Complex | 3,111,300 | 13,914,667 |
| Total | $ 5,174,219 | $16,061,685 |

## B. Liabilities

1. Pension Plan and Post-Employment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description*

The Town of Nags Head 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 government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

*Benefits Provided*

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Nags Head's 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 Nags Head's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.14% 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 Nags Head were $983,965 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Town reported a liability of $5,447,363 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was

based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town's proportion was 0.09656%, which was an increase of 0.00346% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of $1,556,065. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 234,722 | $ 23,013 |
| Changes of assumptions and other inputs | 543,525 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,800,410 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 77,936 | 37,401 |
| Town contributions subsequent to the measurement date | 983,965 | - |
| Total | $ 3,640,558 | $ 60,414 |

The $983,965 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2024 | $ 823,628 |
| 2025 | 693,550 |
| 2026 | 221,252 |
| 2027 | 857,749 |
| 2028 | - |
| Thereafter | - |
| | $ 2,596,179 |

*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 | 6.50 percent, net of pension plan investment expense, including inflation |

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on

published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2011, through December 31, 2015.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| 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 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate*. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|---|---|---|---|
| Town's proportionate share of the net pension liability | $ 9,831,788 | $ 5,447,363 | $ 1,834,342 |

*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 Nags Head 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. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2021 (valuation date), the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees receiving benefits | 3 |
| Terminated plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | 22 |
| Total | 25 |

*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 the 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 nor does the Plan provide pay-related benefits.

*3. Actuarial Assumptions*

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

| | |
|---|---|
| Inflation | 2.5 percent |
| Salary increases | 3.25 to 7.75 percent, including inflation and productivity factor |
| Discount rate | 4.31 percent |

The discount rate used to measure the Total Pension Liability (TPL) is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

The plan currently uses mortality tables that vary by age, and health status (i.e., healthy, beneficiary, and disabled). 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.

Deaths after retirement (healthy) are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths after retirement (Disabled Members at Retirement) mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths after retirement (Survivors of Deceased Members) mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths prior to retirement are based on the Safety Mortality Table for Employees.

*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 made in the General Fund operating budget. The Town contributed $62,476 as benefits come due for the reporting period. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. There were no contributions made by employees.

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

At June 30, 2023, the Town reported a total pension liability of $1,243,592. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of $150,551.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 162,158 | $ 7,012 |
| Changes of assumptions and other inputs | 186,964 | 231,670 |
| Benefit payments and administrative expenses subsequent to the measurement date | 21,827 | - |
| Total | $ 370,949 | $ 238,682 |

$21,827 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024.

Other amounts reported as deferred inflows of resources to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | Deferred Outflows of Resources | Deferred Inflows of Resources | Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense |
|---|---|---|---|
| 2024 | $ 112,564 | $ 58,557 | $ 54,007 |
| 2025 | 103,103 | 54,696 | 48,407 |
| 2026 | 89,502 | 48,486 | 41,016 |
| 2027 | 32,753 | 48,263 | (15,510) |
| 2028 | 11,200 | 28,680 | (17,480) |
| Thereafter | - | - | - |
| | $ 349,122 | $ 238,682 | $ 110,440 |

$21,417 paid as benefits came due and $410 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

| | **1% Decrease (3.31%)** | **Current Discount Rate (4.31%)** | **1% Increase (5.31%)** |
|---|---|---|---|
| Total pension liability | $ 1,353,361 | $ 1,243,592 | $ 1,143,877 |

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

| | 2023 |
|---|---|
| Total Pension Liability | |
| Beginning balance | $ 1,363,416 |
| Service Cost at end of year | 65,061 |
| Interest on the total pension liability | 29,974 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 85,545 |
| Changes of assumptions or other inputs | (237,928) |
| Benefit payments | (62,476) |
| Other changes | - |
| Net changes in Total Pension Liability | (119,824) |
| Ending balance of the total pension liability | $ 1,243,592 |

### *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 | $ 1,556,065 | $ 150,551 | $ 1,706,616 |
| Pension Liability | 5,447,363 | 1,243,592 | 6,690,955 |
| Proportionate share of the net pension liability | 0.09656% | n/a | |
| Deferred of Outflows of Resources | | | |
| Differences between expected and actual experience | 234,722 | 162,158 | 396,880 |
| Changes of assumptions | 543,525 | 186,964 | 730,489 |
| Net difference between projected and actual earnings on plan investments | 1,800,410 | - | 1,800,410 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 77,936 | - | 77,936 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 983,965 | 21,827 | 1,005,792 |
| Deferred of Inflows of Resources | | | |

| | | | |
|---|---|---|---|
| Differences between expected and actual experience | 23,013 | 7,012 | 30,025 |
| Changes of assumptions | - | 231,670 | 231,670 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 37,401 | - | 37,401 |

c. Supplemental Retirement Income Plan 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 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, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy*

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were $140,613 which consisted of $89,958 from the Town and $50,655 from the law enforcement officers. No amounts were forfeited.

d. Supplemental Retirement Income Plan for Non-Law Enforcement Officers

*Plan Description*

The Town adopted a Supplemental Retirement Income Plan, a defined contribution plan, for regular employees beginning January 31, 1991.

*Funding Policy*

The Town contributes four percent of each employee's salary (excluding law enforcement officers), and all amounts contributed are vested immediately. Employees may also make voluntary contributions to the plan. Total contributions for the year ended June 30, 2023, were $535,195 which consisted of $248,363 from the Town and $286,832 from employees. No amounts were forfeited.

e. 457 Deferred Compensation

*Plan Description*

The Town adopted a Supplemental Retirement Income Plan, a defined contribution plan, for regular employees and law enforcement employees beginning April 7, 2010.

*Funding Policy*

The Town does not match contributions to the 457 deferred compensation plan. Total contributions for the year ended June 30, 2022, were $95,306 which consisted of $84,146 from regular employees and $11,160 from law enforcement employees.

f. Other Post-employment Benefits

Healthcare Benefits:

Plan Description. According to a Town resolution, the Town administers a single employer defined benefit health care plan. This plan provides health care benefits to retirees of the Town who participate in the North Carolina Local Governmental Employees' Retirement System (System). The Town pays the full cost of coverage for these benefits for retirees who began working for the Town on or before November 3, 1997. The Town pays 25% for retiree with 10 years or more of service, 50% for retirees with 15 years or more of service, 75% with 20 years or more of service, and 100% with 25 years. Coverage ends when retirees become eligible for Medicare. Also, retirees can purchase coverage for their dependents at the Town's group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Membership of the health care plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

| | |
|---|---|
| Inactive members or beneficiaries currently receiving benefits | 14 |
| Inactive members entitled to but not yet receiving benefits | - |
| Active members | 107 |
| Total membership | 121 |

**Total OPEB Liability**

The Town's total OPEB liability of $4,492,337 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|---|---|
| Inflation | 2.50 % |
| Real wage growth | 0.75 % |
| Wage inflation | 3.25 % |
| Salary increases, including wage inflation | |
| General Employees | 3.25% – 8.41% |
| Firefighters | 3.25% – 8.15% |
| Law Enforcement Officers | 3.25% – 7.90% |

| | |
|---|---|
| Municipal Bond Index Rate | |
| Prior Measurement Date | 2.16 % |
| Measurement Date | 3.54 % |
| Health Care Cost Trends | |
| Pre-Medicare | 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031 |
| Dental | 3.50% |
| Vision | 2.00% |

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the Total OPEB Liability.

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care costs trends, rate of plan participation, rates of plan election, etc.) used in the June 20, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 valuation.

**Changes in the Total OPEB Liability**

| | Total OPEB Liability |
|---|---|
| **Balance at June 30, 2021** | $ 5,013,869 |
| **Changes for the year** | |
| Service cost at end of year (includes interest for the year) | 247,155 |
| Interest on total OPEB liability and Cash Flows | 111,714 |
| Changes in benefit terms | - |
| Differences between expected and actual experience | (19,736) |
| Changes of assumptions or other inputs | (681,521) |
| Benefit payments | (179,144) |
| Other changes | - |
| **Net changes** | $ (521,532) |
| **Balance at June 30, 2022** | $ 4,492,337 |

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54) |
|---|---|---|---|
| Total OPEB liability | $ 4,974,674 | $ 4,492,337 | $ 4,065,451 |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total 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 |
|---|---|---|---|
| Total OPEB liability | $ 3,933,181 | $ 4,492,337 | $ 5,162,171 |

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

For the year ended June 30, 2023, the Town recognized OPEB expense of $213,522. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 803,236 |
| Changes of assumptions or other inputs | 731,684 | 759,941 |
| Benefit payments and administrative costs subsequent to the measurement date | 159,598 | - |
| Total | $ 891,282 | $ 1,563,177 |

$159,598 reported as deferred outflows of resources related to OPEB resulted from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. $(831,493) reported as Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2024 | $ (151,095) |
| 2025 | (151,095) |
| 2026 | (151,095) |
| 2027 | (138,001) |
| 2028 | (109,363) |
| Thereafter | (130,844) |
| Total | $ (831,493) |

$159,598 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

2. Other Employment Benefit – Death Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death

benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2023, the Town made contributions to the State for death benefits of $ 5,004. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .040% and .140% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

3. Payables and Current Liabilities

Payables on Exhibit 1 at June 30, 2023, were as follows:

| | Vendors | Salaries and Benefits | Accrued Interest | Unearned Revenue | Customer Deposits | Total |
|---|---|---|---|---|---|---|
| Governmental Activities | $ 1,597,962 | $ 440,645 | $ 207,286 | $ 167,218 | $ 57,985 | $2,471,096 |
| Business-type activities (Water) | $ 185,594 | $ 35,061 | $ 55,396 | $ - | $ 616,908 | $ 892,959 |

4. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end reported on the Statement of Net Position is comprised of the following:

| | Statement of Net Position |
|---|---|
| Benefit payments made for LEOSSA subsequent to measurement date | $ 21,827 |
| Contributions to pension plan in current fiscal year-LGERS | 983,965 |
| Benefit payments made for OPEB subsequent to measurement date | 159,598 |
| Differences between expected and actual experience-LGERS | 234,722 |
| Changes of assumptions-LGERS | 543,525 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions-LGERS | 77,936 |
| Differences between projected and actual investment earnings on plan investments - LGERS | 1,800,410 |
| Differences between expected and actual experience-LEOSSA | 162,158 |
| Changes of assumptions and other inputs-OPEB | 731,684 |
| Changes of assumptions and other inputs-LEOSSA | 186,964 |
| Total | $ 4,902,789 |

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

| | Statement of Net Position | Government Funds Balance Sheet |
|---|---|---|
| Prepaid taxes (General Fund) | $ 7,853 | $ 7,853 |
| Property taxes receivable, less penalties (General Fund) | - | 113 |
| Privilege licenses receivable, less penalties (General Fund) | - | 1,250 |
| Prepaid privilege licenses (General Fund) | 565 | 565 |
| Prepaid water consumption units (Water Fund) | 100,000 | - |
| Lease Receivable (General Fund) | 1,410,974 | 1,410,974 |
| Differences between expected and actual experience-LGERS | 23,013 | - |
| Differences between expected and actual experience-LEOSSA (General Fund) | 7,012 | - |
| Differences between expected and actual experience-OPEB | 803,236 | - |
| Changes in proportion and difference between contributions and proportionate share of contributions-LGERS | 37,401 | - |
| Changes of assumptions/other inputs-LEOSSA General Fund | 231,670 | - |
| Changes of assumptions and other inputs-OPEB | 759,941 | - |
| Total | $ 3,381,665 | $ 1,420,755 |

5. 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 $2 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. 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 the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting 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 coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town owns property in an area of the State that has been mapped and designated as an "VE, AE, A, and X" area (an area with a 1% annual chance of flooding and a 26% chance of flooding over 30 years) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of $500,000 per structure

through the NFIP. The Town is also eligible to purchase excess commercial flood insurance and has in the amount of $2,500,000 for its Town Hall structure and $955,000 for its newest fire station.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more of the Town's funds at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for $125,000 each. The remaining employees that have access to funds are bonded under a blanket bond for $250,000.

In accordance with G.S. 159-29, the finance officer's fidelity bond was renewed on July 1, 2023, for $1,000,000. The tax collector's bond was renewed for $250,000.

6. Claims, Judgments and Contingent Liabilities

Pending or Threatened Litigation, Claims and Assessments:

As part of the Town's 2022 Beach Nourishment Project, the Town sought to obtain easements on an oceanfront property. This property includes a beach cottage that has been storm damaged and unusable since before the Town's 2011 Beach Nourishment Project. Although the Town had clear authority to acquire the Beach Nourishment Easement needed for the 2022 Project, the owner of this property has filed a counterclaim asserting that the Town has inversely condemned the entire property. A new action has been filed seeking damages for the demolition of the structure. There are numerous legal defenses to these counterclaims, and we expect to defend those claims aggressively. We do not have an estimate of any potential damages to which the Town might be exposed, except that the value of the property is probably less than $200,000.

The Town is unaware of any other unasserted claims or assessments for the reporting period.

7. 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 July 1, 2021, the Town of Nags Head entered into a 42-month lease (original lease date October 2, 2019) as Lessee for the use of computer equipment. An initial lease liability was recorded in the amount of $133,540. As of June 30, 2023, the value of the lease liability is $59,446. Town of Nags Head is required to make monthly fixed payments of $3,150. The lease has an interest rate of 0.8140%. The value of the right to use asset as of June 30, 2023, is $133,540 with accumulated amortization of $75,947.

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

**Principal and Interest Requirements to Maturity**

| | Governmental Activities | | |
|---|---|---|---|
| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
| 2024 | $ 37,456 | $ 344 | $ 37,800 |
| 2025 | 21,990 | 60 | 22,050 |
| Total | $ 59,446 | 404 | $ 59,850 |

b. Installment Finance Purchase Contracts from Direct Borrowings and Direct Placements

In January 2019, the Town entered into a 4.5-year direct placement special obligation bond contract (Series 2019A) for $11,380,000 to finance beach nourishment maintenance. The interest rate is 3.08% per annum fixed. The contract requires annual principal installments plus accrued interest installments paid semi-annually beginning July 2019. The Town's occupancy tax revenue is pledged as collateral for the debt while the debt is outstanding.

In March 2020, the Town entered into a 5-year direct borrowing contract for $306,328 to finance a residential sanitation vehicle, which is pledged as collateral while the debt is outstanding. The interest rate is 1.74% per annum fixed. The contract requires annual principal and interest payments beginning March 2020.

In May 2020, the Town entered into a 6-year direct borrowing contract for $1,401,396 to finance pedestrian path construction, park lighting improvements, and an above ground fuel tank/pump system. The interest rate is 2.42% per annum fixed. A deed of trust and security agreement were recorded to collateralize the property where the park lighting improvements are located at 3005 South Croatan Highway, Nags Head, North Carolina. The contract requires annual principal and interest payments beginning May 2020.

In January 2021, the Town entered into a 7-year direct borrowing contract for $495,376 to finance a fire pumper truck, which is pledged as collateral while the debt is outstanding. The interest rate is 1.85% per annum fixed. The contract requires annual principal and interest payments beginning January 2022.

In April 2021, the Town entered into a 5-year direct borrowing contract for $1,126,780 to finance equipment and portable radios, which are pledged as collateral while the debt is outstanding. The interest rate is 1.65% per annum fixed. The contract requires annual principal and interest payments beginning April 2021.
In January 2022, The Town entered into a 10-year direct borrowing contract for $1,200,000 to finance a piece of property located at 105 W Seachase Drive in Nags Head, North Carolina, which is pledged as collateral while the debt is outstanding. The interest rate is 2.37% per annum fixed. The contract requires annual principal and interest payments beginning January 2023.

In March 2022, The Town entered into a 3-year direct borrowing contract for $275,439 to finance vehicles and equipment, which are pledged as collateral while the debt is outstanding. The interest rate is 2.22% per annum fixed. The contract requires annual principal and interest payments beginning March 2022.

In March 2022, The Town entered into a 5-year direct borrowing contract for $194,795 to finance a piece of equipment, which is pledged as collateral while the debt is outstanding. The interest rate is 2.47% per annum fixed. The contract requires annual principal and interest payments beginning March 2022.

In March 2022, The Town entered into a 10-year direct borrowing contract for $1,358,079 to finance a Fire Apparatus, which is pledged as collateral while the debt is outstanding. The interest rate is 2.78% per annum fixed. The contract requires annual principal and interest payments beginning March 2023.

Series 2023 direct placement limited obligation bonds: In March 2023, the Town entered into an installment purchase contract with Nags Head Leasing Corporation for an issuance of limited obligation bonds (G.S. 160A-20) for $17,110,000 over 20 years at a true interest cost of 3.40%. Interest only payments will be made until fiscal year 2025. This agreement, the Town of Nags Head, NC, NC Limited Obligation Bond Series 2023, provided financing for the construction and design of the new Public Services Complex and Advanced Metering Infrastructure (AMI). The agreement is secured by a deed of trust granted on the Public Services Complex.

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 07/01/2022, Town of Nags Head entered into a 36-month subscription for the use of DebtBook Software. An initial subscription liability was recorded in the amount of $25,847. As of 06/30/2023, the value of the subscription liability is $19,347. The Town of Nags Head is required to make annual fixed payments of $6,500. The subscription has an interest rate of 2.1843%. The value of the right to use asset as of 06/30/2023 of $25,847 with accumulated amortization of $8,616 is included with Software on the Subscription Class activities table found below.

On 07/29/2022, Town of Nags Head entered into a 60-month subscription for the use of Motorola Flex Software. An initial subscription liability was recorded in the amount of $49,766. As of 06/30/2023, the value of the subscription liability is $39,342. The Town of Nags Head is required to make annual fixed payments of $10,424. The subscription has an interest rate of 2.3657%. The value of the right to use asset as of 06/30/2023 of $174,317 with accumulated amortization of $32,152 is included with Software on the Subscription Class activities table found below.

On 08/17/2022, Town of Nags Head entered into a 60-month subscription for the use of Motorola Video Software. An initial subscription liability was recorded in the amount of $227,270. As of 06/30/2023, the value of the subscription liability is $179,666. The Town of Nags Head is required to make annual fixed payments of $47,604. The subscription has an interest rate of 2.3657%. The value of the right to use asset as of 06/30/2023 of $233,510 with accumulated amortization of $40,735 is included with Software on the Subscription Class activities table found below.

| | As of Fiscal Year-end | |
|---|---|---|
| Subscription Asset Class | Subscription Asset Value | Accumulated Amortization |
| Software | $ 433,674 | $ 81,502 |

| Principal and Interest Requirements to Maturity | | | |
|---|---|---|---|
| | Governmental Activities | | |
| Fiscal Year | Principal Payments | Interest Payments | Total Payments |
| 2024 | $ 62,174 | $ 5,604 | $ 67,778 |
| 2025 | 64,116 | 4,150 | 68,266 |
| 2026 | 55,377 | 2,651 | 58,028 |
| 2027 | 56,687 | 1,341 | 58,028 |
| Total | $ 238,354 | $ 13,746 | $ 252,100 |

A summary of changes in the Governmental long-term debt follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|---|---|---|---|---|---|
| Limited obligation bonds | $ - | $ 12,404,000 | $ - | $ 12,404,000 | $ - |
| Deferred amounts: | | | | | |
| Issuance premiums | - | 1,968,254 | - | 1,968,254 | - |
| Direct borrowing installment finance purchases | 5,097,186 | - | 1,247,088 | 3,850,098 | 952,395 |
| Direct placement installment finance purchases | 4,552,000 | - | 2,276,000 | 2,276,000 | 2,276,000 |
| Lease liabilities | 99,542 | - | 40,096 | 59,446 | 37,456 |
| IT subscription liabilities | - | 302,883 | 64,528 | 238,355 | 62,174 |
| Total OPEB liability | 4,612,008 | - | 479,731 | 4,132,277 | 137,297 |
| Total pension liability (LEOSSA) | 1,363,416 | - | 119,824 | 1,243,592 | 46,111 |
| Net pension liability (LGERS) | 1,307,131 | 3,679,930 | - | 4,987,061 | - |
| Compensated absences | 721,629 | 1,104,934 | 1,005,708 | 820,855 | 310,000 |
| Governmental activities long-term liabilities | $ 17,752,912 | $ 19,460,001 | $ 5,232,975 | $ 31,979,938 | $ 3,821,433 |

A summary of changes in the Business type long-term debt follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion of Balance |
|---|---|---|---|---|---|
| Limited obligation bonds | $ - | $ 4,706,000 | $ - | $ 4,706,000 | $ - |
| Deferred amounts: | | | | | |
| Issuance premiums | - | 610,615 | - | 610,615 | - |
| Direct placement installment finance purchases | 40,799 | - | 28,217 | 12,582 | 6,291 |
| Total OPEB liability | 401,861 | - | 41,801 | 360,060 | 14,710 |
| Net pension liability (LGERS) | 120,647 | 339,655 | - | 460,302 | - |
| Compensated absences | 34,150 | 100,066 | 93,339 | 40,877 | 20,000 |
| Business-type activities long-term liabilities | $ 597,457 | $ 5,756,336 | $ 163,357 | $6,190,436 | $ 41,001 |

A summary of General government debt service obligations is as follows:

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2024 | $ 3,228,395 | $ 901,350 |
| 2025 | 1,464,705 | 690,506 |
| 2026 | 1,017,858 | 639,859 |
| 2027 | 982,905 | 598,285 |
| 2028 | 987,975 | 557,572 |
| 2029-2033 | 4,328,259 | 2,188,884 |
| 2034-2038 | 3,260,000 | 1,304,000 |
| 2039-2043 | 3,260,000 | 489,000 |
| Total | $ 18,530,097 | $ 7,369,456 |

A summary of Business-type debt service obligations is as follows:

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2024 | $ 6,291 | $ 294,429 |
| 2025 | 220,291 | 235,452 |
| 2026 | 219,000 | 224,600 |
| 2027 | 224,000 | 213,650 |
| 2028 | 224,000 | 202,450 |
| 2029-2033 | 1,170,000 | 841,250 |
| 2034-2038 | 1,265,000 | 539,750 |
| 2039-2043 | 1,390,000 | 211,000 |
| Total | $ 4,718,582 | $ 2,762,581 |

d. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund and are accounted for on a FIFO basis. Pension and OPEB liabilities for governmental activities have typically been liquidated in the General Fund.

At June 30, 2023, the Town had a legal debt margin of $224,018,130.

8. Water Consumption Units

The Town entered into a letter of understanding with the Ammons-Dare Corporation (its successors and assigns) for the provision of water to the Village of Nags Head Development. The Town guarantees 1,000 water consumption units (WCU) will be available for the development. Ammons-Dare Corporation has agreed to pay a fee of $2,000 per WCU in advance in the form of an irrevocable letter of credit in the amount of $2,000,000. As of June 30, 2023, draws in the amount of $2,000,000 have been made by the Town on this letter of credit, and Ammons-Dare Corporation has utilized 733 WCU's which are guaranteed by the Town and are valued at $1,466,000.

The Town has reimbursed Ammons-Dare Corporation for the following unused WCU's:

| Fiscal Year | Number of WCU's | Amount |
|---|---|---|
| June 30, 1992 | 100 | $ 200,000 |
| June 30, 1993 | 50 | 100,000 |
| June 30, 1995 | 15 | 30,000 |
| June 30, 1996 | 31 | 62,000 |
| June 30, 2014 | 21 | 42,000 |

The remaining 50 WCU's in the amount of $100,000 represent the balance due under the letter of understanding and are included in the Water Fund balance sheet as unearned revenue. Should any of the remaining WCU's be unused, the Town agrees to reimburse Ammons-Dare Corporation, its successors and assigns, at any time after September 4, 1991.

### C. Interfund Balances and Activity

The Capital Reserve Fund is consolidated into the General Fund for financial statement purposes and does not reflect a liability in the General Fund of $55,604 and a corresponding receivable in the Capital Reserve Fund. The original advance amount of $438,481 represents reimbursement of funds collected in the Capital Reserve Fund originally intended to offset the cost of the municipal complex. Instead, these funds were used to pay off the higher interest rate Fire Station debt. This amount is to be paid back from the General Fund to the Capital Reserve Fund with fire facility fee revenues. As of June 30, 2023, the Board of Commissioners adopted a resolution declaring the intention to pay off this interfund balance using fire facility fee revenues. Any accumulated fire facility fees will be used to repay the interfund balance until paid in full. During the current year, $3,218 in repayments were made.

Transfers and Capital Contributions to/from other funds for the year ended June 30, 2023, consisted of the following:

| | |
|---|---|
| Transfers from General Fund to Capital Reserve Fund for the following purposes: | |
| Beach nourishment taxes designated for future beach nourishment | $ 781,460 |
| Municipal Service District (MSD) taxes collected | 1,644,720 |
| Restricted sales tax from municipal service district (MSD) taxes collected | 680,939 |
| Facility fees | 23,017 |
| Dare County contribution – beach nourishment debt payment | 600,000 |
| | $ 3,730,136 |
| Transfers from the General Fund to the Capital Investment Fund for the purposes of capital outlay and debt service. | $ 6,058,223 |
| Transfers from Capital Reserve Fund to General Fund for the following purposes: | |
| Restricted for beach nourishment | $ 2,481,171 |
| Parks and paths | 25,158 |
| Streets and Storm Water | 597,923 |
| Admin. facility fees | 42,034 |
| | $ 3,146,286 |
| Transfers from Capital Investment Fund to the General Fund for the purposes of capital outlay and debt service. | $ 4,303,533 |
| Transfers from the Beach Renourishment Capital Project Fund to the Capital Reserve Fund for the purpose of returning unspent funds upon closing the fund. | $ 1,380,289 |
| Transfers from the Water Fund to the Water Capital Reserve Fund for funding future capital improvements and debt payments related to the Town's water system. | $ 24,775 |
| Transfers from the Capital Projects Fund to the Capital Investment Fund for reimbursement of capital expenditures made ahead of debt issuance. | $ 489,950 |

## D. Net Investment in Capital Assets

| | Governmental | Business-type |
|---|---|---|
| Capital assets | $ 50,220,721 | $ 7,504,737 |
| Less: long term debt | (20,796,153) | (5,329,197) |
| Less: liabilities from restricted debt proceeds | (592,506) | (149,357) |
| Add: unexpended debt proceeds | 12,579,349 | 4,789,264 |
| Net investment in capital assets | $ 41,411,411 | $ 6,815,447 |

## E. Fund Balance

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

| | |
|---|---|
| Total Fund Balance - General Fund | $ 22,015,876 |
| Less: | |
| Nonspendable | (153,000) |
| Stabilization by State Statute | (3,942,177) |
| Restricted for Public Safety | (115,539) |
| Restricted for State Street Aid | (45,191) |
| Restricted for Capital Reserve Fund | (8,847,955) |
| Assigned for subsequent year's expenditures | (350,000) |
| Fund Balance Policy | (8,562,014) |
| Fund Balance Remaining | $ - |

The Town of Nags Head has adopted a minimum fund balance policy for the general fund which instructs management to maintain an unassigned general fund balance at a minimum of 25%-35% of expenditures less bond debt as per audited financial statements at the end of each fiscal year. Any unassigned fund balance above 35% transfers to the Capital Investment Fund. The $8,562,014 reported above is more than the 35% of expenditures, less bond debt of $2,381,151, calculation of $20,523,833.

The following amounts represent open purchase orders and contracts outstanding at June 30, 2023. These encumbrances outstanding will be re-appropriated in the subsequent year's budget.

| | |
|---|---|
| General Fund | $ 1,246,981 |
| Water Fund | 509,433 |
| Total | $ 1,756,414 |

## F. Facility Fees

The Town enacted a Facility Fee ordinance on July 3, 1989. Facility fees are imposed on new development or construction requiring a building permit. These fees will be used to fund capital expenditures associated with increased Police, Fire, Administration, and Solid Waste Collection Services necessitated by new development. A fee for Recreation Facilities was added effective January 1, 2000. Interest earned on facility fee monies shall be used solely for those purposes.

Facility fees are to be spent for capital expenditures within ten years of collection of the fees. In the event that the funds are unexpended, the Town is obligated to refund the fees to the eligible property owner after the ten-year period expires.

At June 30, 2023, the facility fees were transferred to the Capital Reserve Fund where they will remain until funds are needed for appropriate capital expenditures.

The following schedule summarizes facility fees collected and used during the current year:

| | Admin. | Fire | Police | Sanitation | Recreation | Total |
|---|---|---|---|---|---|---|
| Beginning of year balance | $ 50,688 | $ - | $ 5,147 | $ 6,521 | $ 20,420 | $ 82,776 |
| Current year additions (including interest) | 14,483 | 3,218 | 2,963 | 1,579 | 5,446 | 27,689 |
| Current year expenses | (42,034) | (3,218) | - | - | - | (45,252) |
| End of year balance | $ 23,137 | $ - | $ 8,110 | $ 8,100 | $ 25,866 | $ 65,213 |

## G. Beach Nourishment

The Town currently has two legally adopted Capital Project Ordinances for the purpose of beach nourishment. In fiscal year 2021, the Town adopted the Beach Nourishment Maintenance Capital Project Fund. This restoration construction project occurred in the summer of 2022 replaced sand lost during 2019's Hurricane Dorian. The project is engineered to provide enough healthy, protective beach to allow the Town to align its regularly scheduled beach nourishment maintenance with those of the other northern Dare County beaches, tentatively planned for 2027. The project is primarily funded through a FEMA/North Carolina disaster assistance grant and a North Carolina Department of Environmental Quality, Division of Water Resources Coastal Storm Damage Mitigation grant.

In fiscal year 2021, the Town adopted a Beach Nourishment Master Plan Capital Project Fund, a multi-decadal master plan project in order to assist the Town with maintaining and enhancing the protective and recreational capacity of its beach and dune system. This includes analysis of beach system performance and its relationship to long-term trends, along with recommendations for future actions.

A town wide tax and additional taxes on the properties located in the municipal service districts (MSD) locally fund beach nourishment projects and debt service repayments. Funds received from the town wide tax and MSD tax are transferred from the General Fund to the Capital Reserve Fund and are restricted for future beach nourishment. Per state statute, sales tax revenues derived from the MSD are also transferred into the Capital Reserve Fund and are restricted for beach nourishment.

| | Beach nourishment taxes (MSD and town-wide) | Restricted sales taxes from municipal service district tax | Total |
|---|---|---|---|
| Beginning of year balance | $ 3,515,345 | $ 720,236 | $ 4,235,581 |
| Current year additions | 3,026,180 | 680,939 | 3,707,119 |
| Interfund transfer | - | 1,380,289 | 1,380,289 |
| Current year net interest | (117,064) | (133,739) | (250,803) |
| Current year uses | (1,881,151) | (600,020) | (2,481,171) |
| End of year balance | $ 4,543,310 | $ 2,047,705 | $ 6,591,015 |

## H. Tax Funds Restricted

In the fiscal year ending June 30, 2014, the Town began restricting funds in the Capital Reserve Fund for parks and paths. In the fiscal year ending June 30, 2017, the Town began restricting funds in the Capital Reserve Fund for stormwater in lieu of a stormwater fee. The June 30, 2016, ending Fund Balance in the Stormwater Enterprise Fund was transferred into the stormwater capital reserve on July 1, 2016. Beginning in fiscal year June 30, 2021, the Town broadened the scope of the stormwater capital reserve to a streets and stormwater capital reserve to address maintenance and improvements to the Town's street and drainage system on a life-cycle basis. Funds are accumulated in the capital reserve fund for use in a subsequent year for these specific purposes adopted by the Board of commissioners. During the current fiscal year ending June 30, 2023, no amount was restricted for parks and paths or for streets and stormwater. The balance at June 30, 2023, included in the capital reserve fund for this purpose is:

| | Parks and Paths | Streets and Storm Water |
|---|---|---|
| Beginning of year balance | $ 21,323 | $ 786,371 |
| Current year additions | - | - |
| Current year interest | 3,835 | 46,102 |
| Current year uses | (25,158) | (597,923) |
| End of year balance | $ - | $ 234,550 |

In fiscal year ending June 30, 2022, the Town began restricting funds in the Capital Investment Fund for capital expenditures, debt service, maintenance and repairs, and significant fiscal investments essential to ensure the Town has necessary equipment and infrastructure.

| | Capital Investment Fund |
|---|---|
| Beginning of year balance | $ - |
| Current year additions | 6,548,173 |
| Current year interest | (287,465) |
| Current year uses | (4,303,532) |
| End of year balance | $ 1,957,176 |

## I. Volunteer Incentive Pay Agreement

The Board of Commissioners maintains an agreement for volunteer firefighter pay that calls for incentive pay based on an individual members qualifications, training, and call response. The method of calculation of

incentive pay was amended administratively by the Board of Commissioners during the fiscal year ending June 30, 2006, as was the twelve-month period for calculation to coincide with the Town's fiscal year from July through June. Beginning in FY 08-09 incentive pay was changed from annual payments to monthly. The amount expended under this agreement for the full year ending June 30, 2023, was $3,053 plus an additional $234 in related FICA.

## IV. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighter's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighter's Relief Fund. The funds are used to assist fire fighters in various ways. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2023. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina, 27603.

On April 20, 2007, the Town acquired a 34.783% interest in property jointly owned with the Outer Banks Visitors Bureau, that acquired the remaining 65.217% interest. The total cost for the Town's share was $1,623,174. The Town's share of the amount donated by the seller was an additional $626,094. The water fund owned this property which is more appropriately owned by the general fund. Transfer and payment for the purchase by the General Fund began in the fiscal year ending June 30, 2013, in the amount of $300,000. The General Fund transferred an additional $300,000 in fiscal year ending June 30, 2014, $73,756 in the fiscal year ending June 30, 2019, and $76,886 in the fiscal year ending June 30, 2020. The Board of Commissioners formalized for the general fund to purchase the remaining land from the water fund for $872,532 in fiscal year 2021. The donated piece of land with a book value of $626,094 was also transferred from the water fund to the general fund upon full repayment in fiscal year ending June 30, 2021. On November 14, 2008, the Town acquired a 17.949% interest in property owned jointly with the Outer Banks Visitors Bureau, that acquired the remaining 82.051% interest. The total cost for the Town's share was $712,933. The Town's share of the amount donated by the seller was an additional $251,286. Both of these pieces of property are capital assets recorded in the general fund.

On April 1, 2015, the parties entered into a memorandum of understanding which designated the site as the Outer Banks Event Site so long as the Property remains designated as an event site and both the Town and Visitors Bureau remain owners of the Property. The parties agree that the Dare County Tourism Board shall make all decisions relating to the Site's management and will be responsible for collecting rental proceeds from users of the property and for paying expenses related to the property. The parties agreed that any transfers of their interests in the property can only be made to the other party based on a value determined in accordance with the memorandum of agreement.

## V. Summary Disclosure of Significant Contingencies

### A. Federal and State Assisted Programs

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

## B. Municipal Waste Management Agreement

On December 3, 2008, the Town approved a Municipal Waste Management Agreement with Dare County, a member of the Albemarle Regional Solid Waste Authority, for disposal of solid waste as contracted through Republic Services. The contract extends for 26 years and became effective when signed by all parties to the agreement as of May 1, 2009. Charges are based on the Town's actual tonnage of solid waste; the rate in effect in fiscal year 2023 was $84.06 per ton, plus an additional fuel surcharge per ton which varies each month.

## C. Intangible Water Rights

The Town entered into an agreement with Dare County and the Town of Kill Devil Hills to construct a reverse osmosis (R.O.) water desalination plant. Under this agreement, the Town agrees to fund the capital cost of the R.O. project on a pro rata basis as related to the water capacities allocated to each of the three parties. The Town's total original cost was $3,614,000. Subsequent costs of $589,619 were incurred for the Town's share of additional projects including well field expansions. The Town has the right to water produced from the R.O. plant. Presently, the Town's share is 1,000,000 gallons per day.

The intangible water rights are being amortized over 40 years. This time period corresponds to the estimated useful life of the R.O. water desalination plant. At June 30, 2023, accumulated amortization totaled $3,512,561.

On August 21, 1996, the Town approved a revised agreement with Dare County and the Town of Kill Devil Hills which allocates three million five hundred thousand gallons per day of water from the system capacity, inclusive of expansions. Nags Head will bear all costs and expenses associated with expansions requested or required by the Town. This agreement was signed on October 4, 1996.

On February 4, 2009, the Town approved a revised agreement with Dare County and the Town of Kill Devil Hills which deleted the Fresh Pond Plant as one of the mandatory production facilities under the contract agreement. The revised agreement relieves Dare County and the Town of Kill Devil Hills from any funding responsibility for the costs to continue to operate the Fresh Pond Plant and there is no longer any requirement that the regional system purchase water produced by the Fresh Pond Plant. Allocation of water to the Towns of Nags Head and Kill Devil Hills was not affected by the revised agreement.

# REQUIRED SUPPLEMENTAL INFORMATION

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Local Government Employees' Retirement System
- Schedule of Contributions to the Local Government Employees' Retirement System
- Schedule of Change in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB liability

**Town of Nags Head, North Carolina**
**Town of Nags Head's Proportionate Share of Net Pension Liability (Asset)**
**Required Supplementary Information**
**Last Ten Fiscal Years**
**Local Government Employees' Retirement System**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Town of Nags Head's proportion of the net pension liability (asset) (%) | 0.09656% | 0.09310% | 0.09602% |
| Town of Nags Head's proportion of the net pension liability (asset) ($) | $ 5,447,363 | $ 1,427,778 | $ 3,431,204 |
| Town of Nags Head's covered payroll | $ 7,353,869 | $ 6,830,772 | $ 6,664,768 |
| Town of Nags Head's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 74.07% | 20.90% | 51.48% |
| Plan fiduciary net position as a percentage of the total pension liability** | 84.14% | 95.51% | 90.86% |

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

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

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| 0.09116% | 0.09691% | 0.10036% | 0.09857% | 0.11405% | 0.10721% | 0.10930% |
| $ 2,489,508 | $ 2,299,037 | $ 1,533,223 | $ 2,091,986 | $ 511,850 | $ (632,268) | $ 1,317,485 |
| $ 6,382,086 | $ 6,293,652 | $ 6,008,611 | $ 5,807,371 | $ 5,376,833 | $ 5,585,383 | $ 5,159,503 |
| 39.01% | 36.53% | 25.52% | 36.02% | 9.52% | -11.32% | 25.54% |
| 91.63% | 94.18% | 91.47% | 98.09% | 99.07% | 102.64% | 94.35% |

**Town of Nags Head, North Carolina**
**Town of Nags Head's Contributions**
**Required Supplementary Information**
**Last Ten Fiscal Years**
**Local Government Employees' Retirement System**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Contractually required contribution | $ 983,965 | $ 842,179 | $ 701,447 |
| Contributions in relation to the contractually required contribution | 983,965 | 842,179 | 701,447 |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| Town of Nags Head's covered payroll | $ 8,012,999 | $ 7,353,869 | $ 6,830,772 |
| Contributions as a percentage of covered payroll | 12.28% | 11.45% | 10.27% |

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| $ 604,634 | $ 502,605 | $ 484,882 | $ 448,317 | $ 396,478 | $ 384,097 | $ 397,372 |
| 604,634 | 502,605 | 484,882 | 448,317 | 396,478 | 384,097 | 397,372 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| $ 6,664,768 | $ 6,382,086 | $ 6,293,652 | $ 6,008,611 | $ 5,807,371 | $ 5,376,833 | $ 5,585,383 |
| 9.07% | 7.88% | 7.70% | 7.46% | 6.83% | 7.14% | 7.11% |

**Town of Nags Head, North Carolina**
**Schedule of Changes in Total Pension Liability**
**Law Enforcement Officers' Special Separation Allowance**
**Last Seven Fiscal Years**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total Pension Liability | | | |
| Beginning balance | $ 1,363,416 | $ 1,303,038 | $ 922,305 |
| Service Cost at end of year | 65,061 | 64,728 | 38,543 |
| Interest on the total pension liability | 29,974 | 24,530 | 29,022 |
| Differences between expected and actual experience in the measurement of the total pension liability | 85,545 | 73,600 | 33,839 |
| Changes of assumptions or other inputs | (237,928) | (38,367) | 343,442 |
| Benefit payments | (62,476) | (64,113) | (64,113) |
| Net change in Total Pension Liability | (119,824) | 60,378 | 380,733 |
| Ending balance of the total pension liability | $ 1,243,592 | $ 1,363,416 | $ 1,303,038 |

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

**Notes to Schedule:**

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

This schedule is 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.

| 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|
| $ 910,087 | $ 823,639 | $ 772,627 | $ 769,077 |
| 32,304 | 46,110 | 33,911 | 38,198 |
| 31,960 | 25,267 | 29,059 | 26,713 |
| (16,921) | 104,529 | (21,647) | - |
| 28,988 | (41,378) | 49,282 | (19,711) |
| (64,113) | (48,080) | (39,593) | (41,650) |
| 12,218 | 86,448 | 51,012 | 3,550 |
| $ 922,305 | $ 910,087 | $ 823,639 | $ 772,627 |

**Town of Nags Head, North Carolina**
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**
**Law Enforcement Officers' Special Separation Allowance**
**Last Seven Fiscal Years**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Total pension liability | $ 1,243,592 | $ 1,363,416 | $ 1,303,038 |
| Covered-employee payroll | 1,595,543 | 1,507,527 | 1,383,788 |
| Total Pension Liability as a percentage of of covered-employee payroll | 77.94% | 90.44% | 94.16% |

**Notes to the schedule:**

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

This schedule is presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trendis compiled, information is only presented for those years for which information is available.

| 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|
| $ 922,305 | $ 910,087 | $ 823,639 | $ 772,627 |
| 1,168,578 | 1,396,151 | 1,227,153 | 1,386,134 |
| 78.93% | 65.19% | 67.12% | 55.74% |

**Town of Nags Head, North Carolina** A-5
**Schedule of Changes in the Total OPEB Liability and Related Ratios**
**Last Six Fiscal Years**

| | Measurement Period Ending | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** |
| **Total OPEB Liability** | | | | | | |
| Service Cost at end of year (includes interest for the year) | $ 247,155 | $ 280,694 | $ 208,084 | $ 340,542 | $ 348,444 | $ 370,146 |
| Interest on Total OPEB Liability and Cash Flows | 111,714 | 115,222 | 153,860 | 165,619 | 143,590 | 116,800 |
| Difference between expected and actual experience | (19,736) | (704,774) | (22,396) | (522,224) | (18,158) | (12,992) |
| Changes of assumptions or other inputs | (681,521) | 482,032 | 569,014 | 79,662 | (131,192) | (209,200) |
| Benefit payments | (179,144) | (183,587) | (143,139) | (123,419) | (113,891) | (109,742) |
| **Net change in total OPEB liability** | (521,532) | (10,413) | 765,423 | (59,819) | 228,793 | 155,012 |
| Total OPEB liability-beginning | 5,013,869 | 5,024,282 | 4,258,859 | 4,318,678 | 4,089,885 | 3,934,873 |
| Total OPEB liability-ending | $ 4,492,337 | $ 5,013,869 | $ 5,024,282 | $ 4,258,859 | $ 4,318,678 | $ 4,089,885 |
| **Covered-employee payroll** | $ 6,044,153 | $ 6,044,153 | $ 5,784,194 | $ 5,784,194 | $ 5,922,513 | $ 5,922,513 |
| **Total OPEB liability as a percentage of covered-employee payroll** | 74.33% | 82.95% | 86.86% | 73.63% | 72.92% | 69.06% |

**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:

| **Fiscal year** | **Rate** |
|---|---|
| 2023 | 3.54% |
| 2022 | 2.16% |
| 2021 | 2.21% |
| 2020 | 3.50% |
| 2019 | 3.89% |
| 2018 | 3.56% |

This schedule is 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.

The Town of Nags Head has no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

# GENERAL FUND

The **General Fund** is the Town's primary operating fund and is used to account for all financial resources of the general government, except those required to be accounted for in another fund. The county maintains two other legally budgeted funds, the Capital Reserve Fund and the Capital Investment Fund, which are consolidated into the General Fund in accordance with GASB statement No. 54. The General Fund is a major 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, stormwater, and shoreline project uses.

The **Capital Investment 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 capital acquisitions and related debt service.

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| REVENUES | | | | |
| Ad Valorem Taxes: | | | | |
| Current year | | $ 8,817,045 | | $ 8,772,579 |
| Municipal service district | | 1,644,720 | | 1,641,766 |
| Prior year | | (151) | | 5,180 |
| DMV current year | | 175,462 | | 155,067 |
| Penalties and interest | | 9,293 | | 7,806 |
| Total | $ 10,546,600 | 10,646,369 | $ 99,769 | 10,582,398 |
| Other Taxes and Licenses: | | | | |
| Occupancy tax | | 4,624,217 | | 4,457,313 |
| Land Transfer tax | | 1,108,709 | | 1,727,795 |
| Local governmental sales tax | | 2,656,113 | | 2,413,218 |
| 1/2% sales tax revenue | | 1,739,883 | | 1,582,471 |
| Short term rental registration fees | | 850 | | 4,000 |
| Privilege licenses and business registrations | | 20,770 | | 19,908 |
| Mixed beverage tax | | 52,732 | | 53,637 |
| Privilege license penalties | | 2,100 | | 2,550 |
| Total | 9,049,102 | 10,205,374 | 1,156,272 | 10,260,892 |
| Intergovernmental Revenues: | | | | |
| Unrestricted: | | | | |
| Utility sales tax | | 778,209 | | 715,919 |
| Telecommunications tax | | 20,528 | | 20,138 |
| Natural Gas sales tax | | 8,937 | | 7,913 |
| Solid Waste Disposal fees | | 2,590 | | 2,394 |
| Video programming tax | | 102,574 | | 110,672 |
| Cable Franchise - PEG fund fees | | 51,200 | | 51,949 |
| Beer and wine | | 14,562 | | 12,601 |
| ABC revenue | | 28,808 | | 30,779 |
| Total | 900,700 | 1,007,408 | 106,708 | 952,365 |
| Restricted: | | | | |
| Federal: | | | | |
| Homeland Security Investigations | | 11,109 | | 10,836 |
| Bulletproof Vest Partnership Program | | 2,504 | | 423 |
| Controlled substance excise tax | | 3,618 | | 48,705 |
| Assistance to Firefighters | | 67,268 | | 22,458 |
| FEMA reimbursement | | 7,111 | | - |
| Edward Byrne Memorial Justice Assistance | | 17,895 | | 22,792 |
| U.S. Department of Commerce | | 40,500 | | - |
| CAMA minor permit reimbursement | | 3,685 | | 2,875 |
| State: | | | | |
| State Street Aid - Powell Bill | | 132,185 | | 132,696 |
| State Department of Public Instruction | | 27,347 | | 23,504 |
| Controlled substance excise tax | | 9,583 | | 1,076 |
| NC Department of Agriculture | | 2,324 | | - |
| NC Department of Public Safety | | 2,370 | | - |
| NC Department of Environmental Quality | | 10,000 | | - |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Local: | | | | |
| National Fish and Wildlife Fund grant | | - | | 60,781 |
| Contributions from Dare County | | 600,000 | | 623,273 |
| Government Access Channel grant | | 5,000 | | 5,000 |
| Outer Banks Visitor Bureau grant | | 12,500 | | 51,625 |
| North Carolina League of Municipalities grant | | 2,500 | | 4,000 |
| Miscellaneous | | 17,723 | | - |
| Total | 1,005,750 | 975,222 | (30,528) | 1,010,044 |
| Total Intergovernmental Revenues | 1,906,450 | 1,982,630 | 76,180 | 1,962,409 |
| Permits and Fees: | | | | |
| Building permits | | 257,124 | | 234,818 |
| Cart rollback fees | | 222,925 | | - |
| Facility fees | | 23,017 | | 29,133 |
| Inspection and review fees | | 44,725 | | 16,833 |
| Beach driving permits | | 34,052 | | 50,110 |
| Pit Fire fees | | 14,581 | | 18,190 |
| Special event fee | | 23,930 | | 20,192 |
| CAMA permits | | 4,400 | | 3,400 |
| Court costs and fees | | 2,747 | | 4,425 |
| Crowd gathering permit fees | | 4,900 | | 2,450 |
| Alarm fees | | 75 | | 225 |
| Civil penalties | | 6,800 | | 7,850 |
| Automobile town tags | | 776 | | 1,008 |
| Total | 615,700 | 640,052 | 24,352 | 388,634 |
| Sales and Services: | | | | |
| Lease revenue | | 250,553 | | 210,211 |
| Sale of materials | | 101,286 | | 103,732 |
| Total | 339,650 | 351,839 | 12,189 | 313,943 |
| Investment Earnings: | | | | |
| Investment Earnings | | 193,195 | | 114,100 |
| Change in fair market value of investments | | (69,199) | | (980,405) |
| Net investment earnings | 110,000 | 123,996 | 13,996 | (866,305) |
| Other Revenues: | | | | |
| Other rents | | 11,193 | | 15,201 |
| Interest on lease revenue | | 18,919 | | 29,105 |
| Miscellaneous | | 29,181 | | 22,353 |
| Contributions to Police, Fire & Rescue Benevolent Fund | | 13,536 | | 15,960 |
| Total | 32,500 | 72,829 | 40,329 | 82,619 |
| Total Revenues | 22,600,002 | 24,023,089 | 1,423,087 | 22,724,590 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| EXPENDITURES | | | | |
| **General Government:** | | | | |
| **Governing Body:** | | | | |
| Fees paid to elected officials | | 40,704 | | 38,028 |
| FICA expense | | 3,114 | | 2,909 |
| Contracted services | | 46,128 | | 49,849 |
| Department supplies and materials | | 2,493 | | 4,963 |
| Special events | | 1,142 | | 826 |
| Dues and subscriptions | | 8,159 | | 7,602 |
| Printing | | 600 | | 676 |
| Travel and Training | | 1,225 | | 1,330 |
| Equipment rental | | 7 | | 3 |
| Contribution to Government Access Channel | | 52,200 | | 52,949 |
| Contributions, miscellaneous | | 10,250 | | 10,200 |
| Reimbursement from Water Fund | | (10,444) | | (12,645) |
| Total | 176,341 | 155,578 | (20,763) | 156,690 |
| **Special Obligation Bonds:** | | | | |
| Debt service, principal | | 2,276,000 | | 2,276,000 |
| Debt service, interest | | 105,151 | | 175,252 |
| Total | 2,381,152 | 2,381,151 | (1) | 2,451,252 |
| **Administration:** | | | | |
| Salaries and wages | | 554,625 | | 475,575 |
| FICA expense | | 40,464 | | 34,625 |
| Group insurance | | 89,232 | | 85,749 |
| Group insurance - retiree | | 14,364 | | 14,358 |
| Retirement | | 66,624 | | 53,627 |
| 401(k) account | | 21,707 | | 14,258 |
| Contracted services | | 15,303 | | 22,675 |
| Travel and Training | | 5,848 | | 4,862 |
| Professional services | | 68,941 | | 35,500 |
| Advertising | | 6,838 | | 6,217 |
| Departmental supplies | | 22,723 | | 18,541 |
| Dues and subscriptions | | 6,264 | | 6,159 |
| Equipment rental | | 2,283 | | 1,492 |
| Telephone | | 1,247 | | 1,175 |
| Postage | | 50 | | 684 |
| Repairs and maintenance, vehicles | | - | | 328 |
| Printing | | 378 | | - |
| Automotive Supplies | | 325 | | 846 |
| Capital outlay, buildings | | 144,697 | | 102,663 |
| Capital outlay, equipment | | - | | 7,098 |
| Capital outlay, infrastructure | | 14,149 | | 341,201 |
| Reimbursement from Water Fund | | (138,395) | | (145,175) |
| Debt service, principal | | 2,944 | | 3,520 |
| Debt service, interest | | 6 | | 20 |
| Total | 1,039,556 | 940,617 | (98,939) | 1,085,998 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| **Administrative Services:** | | | | |
| Salaries and wages | | 416,981 | | 481,538 |
| FICA expense | | 30,547 | | 35,615 |
| Group insurance expense | | 59,990 | | 63,634 |
| Retirement | | 48,227 | | 49,873 |
| 401(k) account | | 15,840 | | 13,230 |
| Unemployment expense | | 5,353 | | 3,326 |
| Insurance | | 371,470 | | 358,352 |
| Contracted services | | 48,182 | | 53,038 |
| Professional services | | 42,945 | | 44,007 |
| Fines and forfeitures | | 6,388 | | 7,061 |
| Departmental supplies and materials | | 7,467 | | 14,700 |
| Postage | | 5,335 | | 5,380 |
| Travel and Training | | 8,532 | | 7,277 |
| Equipment rental | | 7,645 | | 7,248 |
| Repairs and maintenance, equipment | | 374 | | 355 |
| Wellness program | | 12,870 | | 4,179 |
| Special contracted services | | 6,903 | | 6,277 |
| Dues and subscriptions | | 1,735 | | 1,652 |
| Purchases for resale | | 2,430 | | 1,644 |
| Advertising | | 698 | | 2,145 |
| Repairs and maintenance, vehicles | | 341 | | 4,291 |
| Automotive supplies | | 387 | | 1,394 |
| Capital outlay, equipment | | 3,790 | | 5,010 |
| Capital outlay, IT subscription agreement | | 25,846 | | - |
| Reimbursement from Water Fund | | (108,288) | | (73,094) |
| Debt service, principal | | 6,500 | | - |
| Total | 1,047,256 | 1,028,488 | (18,768) | 1,098,132 |
| **Information Technology:** | | | | |
| Salaries and wages | | 73,224 | | 26,687 |
| FICA expense | | 5,548 | | 2,008 |
| Group insurance | | 8,305 | | 2,900 |
| Group insurance - retiree | | - | | 6,533 |
| Retirement | | 8,817 | | 3,699 |
| 401(k) account | | 2,910 | | 1,062 |
| Contracted services | | 117,329 | | 111,092 |
| Contracted services, website | | 12,803 | | 10,920 |
| Contrsacted service, GIS | | 10,692 | | 17,068 |
| Contracted services, annual contracts | | 110,827 | | 103,093 |
| Travel and Training | | 3,756 | | - |
| Departmental supplies | | 9,131 | | 3,457 |
| Telephone | | 8,656 | | 8,701 |
| Repairs and maintenance, equipment | | 11,783 | | 5,940 |
| Other supplies-computer | | - | | 28,550 |
| Internet costs | | 13,908 | | 8,231 |
| Equipment rental | | 11,922 | | 10,294 |
| Reimbursement from Water Fund | | (40,713) | | (35,929) |
| Debt service, principal | | 37,152 | | 36,942 |
| Debt service, interest | | 648 | | 858 |
| Total | 433,730 | 406,698 | (27,032) | 352,106 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| **Planning and Development:** | | | | |
| Salaries and wages | | 733,932 | | 696,685 |
| FICA expense | | 53,241 | | 50,096 |
| Group insurance | | 131,685 | | 132,239 |
| Retirement | | 88,096 | | 77,738 |
| 401(k) account | | 28,936 | | 20,636 |
| Planning board, board of adjustment | | 7,510 | | 9,230 |
| Contracted services | | 56,256 | | 83,244 |
| Professional services | | 8,673 | | 2,010 |
| Departmental supplies | | 5,806 | | 4,374 |
| Special events | | 21,665 | | 12,624 |
| Uniforms | | 515 | | 449 |
| Travel and Training | | 4,241 | | 2,195 |
| Telephone | | 4,389 | | 3,887 |
| Postage | | 5,592 | | 766 |
| Repairs and maintenance, vehicles | | 793 | | 1,536 |
| Repairs and maintenance, buildings | | - | | 14 |
| Printing | | 3,334 | | 1,717 |
| Other supplies | | 27 | | 786 |
| Other supplies-computer | | 3,043 | | 2,954 |
| Advertising | | 959 | | 594 |
| Automotive supplies | | 3,805 | | 2,740 |
| Equipment rental | | 3,315 | | 2,559 |
| Dues and subscriptions | | 2,706 | | 2,856 |
| Capital outlay, other | | - | | 270 |
| Capital outlay, equipment | | 4,200 | | - |
| Capital outlay, vehicles | | 857 | | 28,566 |
| Capital outlay, improvements | | 82,661 | | - |
| Debt service, principal | | 196,158 | | 205,293 |
| Debt service, interest | | 13,983 | | 18,238 |
| Reimbursement from Water Fund | | (172,170) | | (131,253) |
| Total | 1,446,016 | 1,294,208 | (151,808) | 1,233,043 |
| **Legal Services:** | | | | |
| Professional services | | 121,716 | | 183,660 |
| Reimbursement from Water Fund | | (19,704) | | (17,484) |
| Total | 130,296 | 102,012 | (28,284) | 166,176 |
| Total General Government | 6,654,347 | 6,308,752 | (345,595) | 6,543,397 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| **Public Safety:** | | | | |
| **Police Department:** | | | | |
| Salaries and wages | | 1,922,005 | | 1,792,621 |
| FICA expense | | 145,755 | | 130,476 |
| Group insurance | | 316,169 | | 330,990 |
| Group insurance - retiree | | 57,455 | | 57,434 |
| Retirement | | 249,063 | | 213,962 |
| 401(k) account | | 94,525 | | 86,793 |
| Separation Allowance | | 51,837 | | 68,278 |
| Automotive supplies | | 77,824 | | 73,767 |
| Departmental supplies | | 52,865 | | 68,346 |
| Repairs and maintenance, vehicles | | 20,172 | | 34,784 |
| Repairs and maintenance, equipment | | 34,664 | | 33,909 |
| Repairs and maintenance, firing range | | 5,376 | | 6,618 |
| Repairs and maintenance, buildings | | 7,796 | | - |
| Telephone | | 12,574 | | 12,180 |
| Other supplies | | 5,776 | | 3,041 |
| Other supplies, computer | | 21,800 | | 22,496 |
| Uniforms | | 18,088 | | 12,645 |
| Equipment rental | | 8,369 | | 8,217 |
| Travel and Training | | 24,767 | | 26,676 |
| Professional services | | 11,362 | | 7,336 |
| Postage | | 588 | | 547 |
| Dues and subscriptions | | 2,386 | | 2,454 |
| Advertising | | 210 | | 150 |
| Printing | | 1,164 | | 411 |
| Contracted services | | 22,272 | | 11,007 |
| Special investigations | | 3,484 | | 4,000 |
| Capital outlay, vehicles | | 170,932 | | 233,463 |
| Capital outlay, equipment | | - | | 13,770 |
| Capital outlay, IT subscription agreement | | 407,826 | | - |
| Debt service, principal | | 156,063 | | 143,929 |
| Debt service, interest | | 3,002 | | 5,218 |
| Total | 4,082,096 | 3,906,169 | (175,927) | 3,405,518 |
| Drug Forfeiture: | | | | |
| Department supplies | | 1,970 | | - |
| Special investigations | | 5,000 | | - |
| Total | 6,970 | 6,970 | - | - |
| **Fire Department:** | | | | |
| Salaries and wages | | 2,027,628 | | 1,853,220 |
| FICA expense | | 148,400 | | 135,271 |
| Group insurance | | 367,494 | | 370,017 |
| Group insurance, retiree | | 44,688 | | 57,744 |
| Retirement expense | | 245,891 | | 211,301 |
| 401(k) account | | 80,839 | | 56,099 |
| Incentive pay | | 4,132 | | 3,973 |
| Supplemental pension fund | | 2,650 | | 2,410 |
| Departmental supplies | | 69,335 | | 69,962 |
| Repairs and maintenance, buildings | | 19,919 | | 29,032 |
| Repairs and maintenance, vehicles | | 31,350 | | 28,448 |
| Repairs and maintenance, equipment | | 7,487 | | 5,802 |
| Uniforms | | 15,961 | | 7,745 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Fire Department (continued): | | | | |
| Automotive supplies | | 23,686 | | 20,197 |
| Telephone | | 2,282 | | 1,824 |
| OSHA Compliance | | 3,916 | | 1,729 |
| Travel and Training | | 22,162 | | 9,951 |
| Safety training | | 3,002 | | 4,332 |
| Other supplies | | 4,786 | | 4,344 |
| Equipment rental | | 3,920 | | 3,960 |
| Dues and subscriptions | | 3,929 | | 2,736 |
| Professional services | | 16,079 | | 3,087 |
| Postage | | 317 | | 238 |
| Contracted Services | | 26,843 | | 21,909 |
| Printing | | 178 | | 139 |
| Capital outlay, equipment | | 86,228 | | 18,843 |
| Capital outlay, vehicle | | 1,116 | | 1,062,005 |
| Debt service, principal | | 209,537 | | 164,935 |
| Debt service, interest | | 45,952 | | 10,882 |
| Total | 3,926,236 | 3,519,707 | (406,529) | 4,162,135 |
| **Ocean Rescue:** | | | | |
| Salaries and wages | | 633,367 | | 597,138 |
| FICA expense | | 37,080 | | 37,364 |
| Group insurance | | 9,191 | | 8,541 |
| Retirement expense | | 6,768 | | 5,904 |
| 401(k) account | | 2,222 | | 1,576 |
| Departmental supplies | | 23,382 | | 21,109 |
| Uniforms | | 18,482 | | 12,959 |
| Automotive supplies | | 13,388 | | 13,534 |
| Repairs and maintenance, equipment | | 6,560 | | 4,056 |
| Travel and Training | | 4,285 | | 3,803 |
| Repairs and maintenance, vehicles | | 4,220 | | 3,504 |
| Professional fees | | 3,600 | | 2,400 |
| Contracted Services | | 1,570 | | 1,492 |
| Telephone | | 1,539 | | 1,778 |
| Printing | | 2,085 | | 2,089 |
| Advertising | | 97 | | - |
| Dues and subscriptions | | 1,708 | | 1,450 |
| Postage | | 68 | | 51 |
| Capital outlay, equipment | | 24,272 | | 5,499 |
| Capital outlay, vehicle | | 47,335 | | - |
| Debt service, principal | | 35,396 | | 36,089 |
| Debt service, interest | | 1,681 | | 1,317 |
| Total | 952,244 | 878,296 | (73,948) | 761,653 |
| Total Public Safety | 8,967,546 | 8,311,142 | (656,404) | 8,329,306 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| **Environmental Protection:** | | | | |
| **Sanitation:** | | | | |
| Salaries and wages | | 468,814 | | 391,057 |
| FICA expense | | 33,747 | | 27,901 |
| Group insurance | | 103,363 | | 90,938 |
| Group insurance, retiree | | 28,728 | | 28,717 |
| Retirement | | 54,340 | | 43,053 |
| 401(k) account | | 17,858 | | 11,379 |
| Travel and training | | 903 | | 2,047 |
| Repairs and maintenance, vehicles | | 115,448 | | 132,541 |
| Automotive supplies | | 146,764 | | 125,857 |
| Department supplies | | 51,506 | | 21,222 |
| Uniforms | | 5,528 | | 4,583 |
| Contracted services | | 196,080 | | 87,500 |
| Recycling | | 65,435 | | 75,941 |
| Repairs and maintenance, equipment | | 3,702 | | 1,116 |
| Advertising | | 238 | | 119 |
| Capital outlay, equipment | | 32,368 | | 18,468 |
| Capital outlay, vehicles | | 532,416 | | 1,227,336 |
| Debt service, principal | | 272,507 | | 426,230 |
| Debt service, interest | | 10,606 | | 17,977 |
| Total | 2,580,251 | 2,140,351 | (439,900) | 2,733,982 |
| **Solid Waste:** | | | | |
| Tipping fees | | 817,785 | | 807,055 |
| Total | 850,818 | 817,785 | (33,033) | 807,055 |
| Total Environmental Protection | 3,431,069 | 2,958,136 | (472,933) | 3,541,037 |
| **Public Services:** | | | | |
| **Administration:** | | | | |
| Salaries and wages | | 286,527 | | 178,994 |
| FICA expense | | 20,509 | | 12,258 |
| Group insurance | | 51,997 | | 51,618 |
| Retirement | | 34,726 | | 20,413 |
| 401(k) account | | 11,411 | | 5,518 |
| Contracted services | | 10,729 | | 9,261 |
| Purchase for resale | | 75,208 | | 82,685 |
| Telephone | | 1,294 | | 641 |
| Departmental supplies | | 5,745 | | 33,425 |
| Equipment rental | | 2,405 | | 2,164 |
| Automotive supplies | | 2,199 | | 1,237 |
| Travel and Training | | 2,767 | | 515 |
| Dues and subscriptions | | 4,452 | | 4,521 |
| Postage | | 989 | | 44 |
| Repairs and maintenance, vehicles | | 564 | | 196 |
| Advertising | | - | | 495 |
| Uniforms | | 120 | | 70 |
| Debt service, principal | | 27,368 | | 27,368 |
| Debt service, interest | | 1,987 | | 2,649 |
| Reimbursement from Water Fund | | (44,749) | | (37,686) |
| Total | 637,686 | 496,248 | (141,438) | 396,386 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| **Public Facilities Maintenance:** | | | | |
| Salaries and wages | | 659,838 | | 618,783 |
| FICA expense | | 48,859 | | 45,688 |
| Group insurance | | 128,937 | | 125,889 |
| Retirement | | 79,638 | | 70,261 |
| 401(k) account | | 26,155 | | 18,655 |
| Repairs and maintenance, facilities | | 95,373 | | 246,859 |
| Utilities | | 208,957 | | 209,290 |
| Contracted services | | 108,996 | | 84,298 |
| Department supplies | | 32,122 | | 36,769 |
| Repairs and maintenance, equipment | | 28,525 | | 18,368 |
| Signs | | 32,670 | | 13,694 |
| Automotive supplies | | 42,293 | | 34,027 |
| Repairs and maintenance, parks and paths | | 74,994 | | 37,959 |
| Repairs and maintenance, other | | 94,700 | | 41,500 |
| Other supplies | | 24,735 | | 28,862 |
| Professional services | | 100 | | 200 |
| Uniforms | | 10,091 | | 7,514 |
| Repairs and maintenance, vehicles | | 12,834 | | 9,410 |
| Dues and subscriptions | | 50 | | - |
| Travel and Training | | 3,961 | | 3,661 |
| Special Projects, sand fencing | | - | | 23,273 |
| Special Projects, lighting | | 25,575 | | 14,250 |
| Reimbursement from Water Fund | | (213,004) | | (139,588) |
| Capital outlay, Dowdy Park | | 21,589 | | 22,894 |
| Capital outlay, improvements | | 116,920 | | 142,898 |
| Capital outlay, equipment | | - | | 243,478 |
| Capital outlay, land | | - | | 872,780 |
| Capital outlay, building | | 93,705 | | 890,323 |
| Capital outlay, other | | - | | 1,890 |
| Capital outlay, vehicles | | 184,586 | | 203,866 |
| Debt service, principal | | 298,925 | | 374,241 |
| Debt service, interest | | 37,274 | | 7,868 |
| Total | 2,636,849 | 2,279,398 | (357,451) | 4,309,860 |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| **Maintenance Garage:** | | | | |
| Salaries and wages | | 275,341 | | 245,106 |
| FICA account | | 20,722 | | 18,391 |
| Group insurance | | 40,735 | | 40,647 |
| Retirement | | 33,509 | | 28,009 |
| 401(k) account | | 11,011 | | 7,444 |
| Other supplies | | 13,237 | | 14,126 |
| Departmental supplies | | 17,620 | | 21,883 |
| Uniforms | | 1,744 | | 1,593 |
| Contracted services | | 1,097 | | 662 |
| Automotive supplies | | 1,135 | | 1,285 |
| Travel and training | | 2,254 | | 70 |
| Repairs and maintenance, vehicles | | 705 | | 368 |
| Repairs and maintenance, equipment | | 108 | | 1,684 |
| Reimbursement from Water Fund | | (49,306) | | (40,387) |
| Capital outlay, equipment | | 3,007 | | 3,322 |
| Total | 391,411 | 372,919 | (18,492) | 344,203 |
| Total Public Services | 3,665,946 | 3,148,565 | (517,381) | 5,050,449 |
| **Streets and Drainage:** | | | | |
| **State Street Aid:** | | | | |
| Street supplies, Powell Bill | | 4,388 | | 19,555 |
| Capital outlay, infrastructure | | 346,131 | | 6,130 |
| Total | 371,599 | 350,519 | (21,080) | 25,685 |
| **Storm Water Maintenance:** | | | | |
| Utilities | | 556 | | 664 |
| Automotive supplies | | 2,080 | | 1,217 |
| Department Supplies | | 10,930 | | 2,049 |
| Maintenance and repairs equipment | | 8,078 | | 4,259 |
| Professional services | | 100 | | 100 |
| Professional fees/water quality testing | | 2,165 | | 1,975 |
| Contracted services | | 61,841 | | 25,679 |
| Capital outlay, equipment | | 183,378 | | - |
| Capital outlay, infrastructure | | 1,446,185 | | 403,487 |
| Debt service, principal | | 109,162 | | 124,000 |
| Debt Service, interest | | 3,395 | | 7,251 |
| Total | 2,077,242 | 1,827,870 | (249,372) | 570,681 |
| Total Streets and Drainage | 2,448,841 | 2,178,389 | (270,452) | 596,366 |
| Total Expenditures | 25,167,749 | 22,904,984 | (2,262,765) | 24,060,555 |
| Revenues Over (Under) Expenditures | (2,567,747) | 1,118,105 | 3,685,852 | (1,335,965) |

**Town of Nags Head, North Carolina** **Schedule 1**
**General Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Other Financing Sources (Uses): | | | | |
| Installment financing | - | - | - | 3,028,313 |
| Transfers to Capital Reserve Fund | (3,765,860) | (3,730,136) | 35,724 | (4,473,391) |
| Transfers to Capital Investment Fund | (6,062,723) | (6,058,223) | 4,500 | - |
| Transfers from Capital Reserve Fund | 3,179,227 | 3,146,286 | (32,941) | 3,275,050 |
| Transfers from Capital Investment Fund | 4,599,200 | 4,303,533 | (295,667) | - |
| Transfers to Capital Project Fund | - | - | - | (489,950) |
| Sale of capital assets | 20,000 | 119,048 | 99,048 | 24,633 |
| Insurance recovery | - | 4,618 | 4,618 | - |
| IT subscription agreement | - | 302,881 | 302,881 | - |
| Appropriated Fund Balance | 4,597,903 | - | (4,597,903) | - |
| Other financing sources (uses), net | 2,567,747 | (1,911,993) | (4,479,740) | 1,364,655 |
| Net change in fund balance | $ - | (793,888) | $ (793,888) | 28,690 |
| Fund balance, beginning | | 13,961,809 | | 13,933,119 |
| Fund balance, ending | | $ 13,167,921 | | $ 13,961,809 |

**Town of Nags Head, North Carolina** **Schedule 2**
**Capital Reserve Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Revenues: | | | | |
| Investment earnings | $ - | $ 72,364 | 72,364 | $ 40,085 |
| Change in fair market value of investments | | (271,775) | (271,775) | (381,937) |
| Total revenues | - | (199,411) | (199,411) | (341,852) |
| Other financing sources (uses): | | | | |
| Transfers from: | | | | |
| General Fund | 3,765,860 | 3,730,136 | (35,724) | 4,473,391 |
| Capital Project Fund | 1,380,290 | 1,380,289 | (1) | - |
| Transfers to: | | | | |
| Capital Project Funds | - | - | - | (1,612,476) |
| General Fund | (3,179,227) | (3,146,285) | 32,942 | (3,275,050) |
| Appropriated Fund Balance | (1,966,923) | - | 1,966,923 | - |
| Total other financing sources (uses) | - | 1,964,140 | 1,964,140 | (414,135) |
| Net change in fund balance | $ - | 1,764,729 | $ 1,764,729 | (755,987) |
| Fund balances, beginning | | 5,126,050 | | 5,882,037 |
| Fund balances, ending | | $ 6,890,779 | | $ 5,126,050 |

**Town of Nags Head, North Carolina** **Schedule 3**
**Capital Investment Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Revenues: | | | | |
| Investment earnings | $ - | $ 46,710 | 46,710 | $ - |
| Change in fair market value of investments | | (334,175) | (334,175) | - |
| Total revenues | - | (287,465) | (287,465) | - |
| Other financing sources (uses): | | | | |
| Transfers from: | | | | |
| General Fund | 6,062,723 | 6,058,223 | (4,500) | - |
| Capital Project Fund | 489,950 | 489,950 | - | - |
| Transfers to: | | | | |
| General Fund | (4,599,200) | (4,303,532) | 295,668 | - |
| Appropriated Fund Balance | (1,953,473) | - | 1,953,473 | - |
| Total other financing sources (uses) | - | 2,244,641 | 2,244,641 | - |
| Net change in fund balance | $ - | 1,957,176 | $ 1,957,176 | - |
| Fund balances, beginning | | - | | - |
| Fund balances, ending | | $ 1,957,176 | | $ - |

# OTHER MAJOR GOVERNMENTAL FUNDS

The **Beach Renourishment Capital Project Fund** is used to account for the Town's activities for a beach nourishment maintenance project occurring in 2019 on a locally funded scheduled nourishment maintenance project combined with federal and state grant funds awarded as a result of sand lost due to 2016's Hurricane Matthew.

The **Beach Nourishment Maintenance Capital Project Fund** is used to account for a restoration construction project that occurred in the summer of 2022 to replace sand lost during 2019's Hurricane Dorian.

The **Capital Project Fund** is used to account for planning the maintenance of the Town's beach and due system. This includes analysis of beach system performance and its relationship to long-term trends, along with recommendations for future actions.

**Town of Nags Head, North Carolina** **Schedule 4**
**Beach Renourishment Capital Project Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Over (Under) |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Investment Earnings | $ 375,864 | $ 445,038 | $ (69,177) | $ 375,861 | $ (3) |
| Change in fair market value of investments | - | (130,003) | 130,003 | - | - |
| Restricted intergovernmental | 9,773,356 | 9,773,356 | - | 9,773,356 | - |
| Total revenues | 10,149,220 | 10,088,391 | 60,826 | 10,149,217 | (3) |
| Expenditures | | | | | |
| General Government: | | | | | |
| Professional Fees | 685,597 | 673,221 | 12,375 | 685,596 | (1) |
| Capital Construction Oversight | 1,742,684 | 1,742,684 | - | 1,742,684 | - |
| Pumping Costs | 32,644,500 | 32,644,500 | - | 32,644,500 | - |
| Mobilization | 4,000,000 | 4,000,000 | - | 4,000,000 | - |
| Monitoring | 596,000 | 472,631 | 123,369 | 596,000 | - |
| Sprigging | 308,334 | 308,333 | - | 308,333 | (1) |
| Turtle Monitoring | 66,679 | 66,679 | - | 66,679 | - |
| Ocean Outfall | 375,000 | 375,000 | - | 375,000 | - |
| Other Costs | 422,632 | 422,632 | - | 422,632 | - |
| Total Expenditures | 40,841,426 | 40,705,680 | 135,744 | 40,841,424 | (2) |
| Revenues (under) expenditures | (30,692,206) | (30,617,289) | (74,918) | (30,692,207) | (1) |
| Other financing sources (uses): | | | | | |
| Installment purchase obligations issued | 27,613,837 | 27,613,837 | - | 27,613,837 | - |
| Transfers to Capital Reserve Fund | (1,380,290) | - | (1,380,289) | (1,380,289) | 1 |
| Transfers from Capital Reserve Fund | 4,436,211 | 4,436,211 | - | 4,436,211 | - |
| Sale of capital assets | 22,448 | 22,448 | - | 22,448 | - |
| Total other financing sources | 30,692,206 | 32,072,496 | (1,380,289) | 30,692,207 | 1 |
| Net change in fund balance | $ - | $ 1,455,207 | (1,455,207) | $ - | $ - |
| Fund balance, beginning of year | | | 1,455,207 | | |
| Fund balance, end of year | | | $ - | | |

**Town of Nags Head, North Carolina** **Schedule 5**
**Beach Nourishment Maintenance Capital Project Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Over (Under) |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Investment Earnings | $ - | $ 26,413 | $ 14,642 | $ 41,055 | $ 41,055 |
| Change in fair market value of investments | - | (226,833) | 19,696 | (207,137) | (207,137) |
| Restricted intergovernmental | 12,767,042 | 733,235 | 12,611,151 | 13,344,386 | 577,344 |
| Total revenues | 12,767,042 | 532,815 | 12,645,489 | 13,178,304 | 411,262 |
| Expenditures | | | | | |
| General Government: | | | | | |
| Professional Fees | 793,000 | 552,660 | 128,827 | 681,487 | (111,513) |
| Capital Construction Oversight | 1,337,636 | 606,984 | 321,574 | 928,558 | (409,078) |
| Pumping Costs | 6,175,419 | - | 6,175,419 | 6,175,419 | - |
| Mobilization | 5,023,000 | - | 5,023,000 | 5,023,000 | - |
| Contingency | 98,359 | - | - | - | (98,359) |
| Monitoring | 472,200 | - | 100,175 | 100,175 | (372,025) |
| Sprigging | 64,750 | 12,450 | 43,235 | 55,685 | (9,065) |
| Turtle Monitoring | 80,000 | - | - | - | (80,000) |
| Other Costs | 496,500 | - | 247,510 | 247,510 | (248,990) |
| | | | | | - |
| Total Expenditures | 14,540,864 | 1,172,094 | 12,039,740 | 13,211,834 | (1,329,030) |
| Revenues (under) expenditures | (1,773,822) | (639,279) | 605,749 | (33,530) | 1,740,292 |
| Other financing sources: | | | | | |
| Transfers from Capital Reserve Fund | 1,773,822 | 1,773,822 | - | 1,773,822 | - |
| Total other financing sources | 1,773,822 | 1,773,822 | - | 1,773,822 | - |
| Net change in fund balance | $ - | $ 1,134,543 | 605,749 | $ 1,740,292 | $ 1,740,292 |
| Fund balance, beginning of year | | | 1,134,543 | | |
| Fund balance, end of year | | | $ 1,740,292 | | |

**Town of Nags Head, North Carolina** **Schedule 6**
**Capital Projects Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Over (Under) |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Investment Earnings | $ - | $ 1,383 | $ 229,822 | $ 231,205 | $ 231,205 |
| Change in fair market value of investments | - | (18,964) | 18,964 | - | - |
| Total revenues | - | (17,581) | 248,786 | 231,205 | 231,205 |
| Expenditures | | | | | |
| Public Services: | | | | | |
| Public Services Complex: | | | | | |
| Professional Fees | 265,938 | - | 261,913 | 261,913 | (4,025) |
| Buildings | 11,704,280 | - | 1,102,331 | 1,102,331 | (10,601,949) |
| Equipment | 1,019,413 | - | 16,857 | 16,857 | (1,002,556) |
| Capital Construction Oversight | 1,382,623 | 410,413 | 739,616 | 1,150,029 | (232,594) |
| Total Expenditures | 14,372,254 | 410,413 | 2,120,717 | 2,531,130 | (11,841,124) |
| Revenues (under) expenditures | (14,372,254) | (427,994) | (1,871,931) | (2,299,925) | 12,072,329 |
| Other financing sources (uses): | | | | | |
| Installment purchase obligations issued | 14,372,254 | - | 14,372,254 | 14,372,254 | - |
| Transfers to the Capital Investment Fund | (489,950) | - | (489,950) | (489,950) | - |
| Transfers from General Fund | 489,950 | 489,950 | - | 489,950 | - |
| Total other financing sources | 14,372,254 | 489,950 | 13,882,304 | 14,372,254 | - |
| Net change in fund balance | $ - | $ 61,956 | 12,010,373 | $ 12,072,329 | $ 12,072,329 |
| Fund balance, beginning of year | | | 61,956 | | |
| Fund balance, end of year | | | $ 12,072,329 | | |

# NON-MAJOR GOVERNMENTAL FUND

Capital Project Funds are used to account for the acquisition, construction, maintenance and/or planning of major outlay.

The **Beach Nourishment Master Plan Capital Project Fund** accounts for long-term beach nourishment planning.

**Town of Nags Head, North Carolina** **Schedule 7**
**Non-Major Governmental Fund**
**Balance Sheet**
**June 30, 2023**

| | Capital Project Beach Nourishment Master Plan | Total Nonmajor Governmental Fund |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 935,842 | $ 935,842 |
| Accrued interest receivable | 4,860 | 4,860 |
| Total assets | 940,702 | 940,702 |
| **LIABILITIES** | | |
| Accounts payable | 26,110 | 26,110 |
| Total liabilities | 26,110 | 26,110 |
| **FUND BALANCES:** | | |
| Committed: | | |
| Beach Nourishment capital projects | 914,592 | 914,592 |
| Total fund balances | 914,592 | 914,592 |
| Total liabilities, deferred inflows of resources and fund balances | $ 940,702 | $ 940,702 |

**Town of Nags Head, North Carolina** **Schedule 8**
**Non-Major Governmental Fund**
**Statement of Revenues, Expenditures and Changes in**
**For the Year Ended June 30, 2023**

| | Capital Project Beach Nourishment Master Plan | Total Nonmajor Governmental Fund |
|---|---|---|
| **REVENUES** | | |
| Restricted intergovernmental | $ 25,000 | $ 25,000 |
| Net investment earnings | 74,945 | 74,945 |
| Total revenues | 99,945 | $ 99,945 |
| **EXPENDITURES** | | |
| Capital outlay: | | |
| General Government | 1,025,486 | 1,025,486 |
| Total expenditures | 1,025,486 | 1,025,486 |
| Revenues (under) expenditures | (925,541) | (925,541) |
| Net change in fund balance | (925,541) | (925,541) |
| Fund balances - beginning | 1,840,133 | 1,840,133 |
| Fund balances - ending | $ 914,592 | $ 914,592 |

**Town of Nags Head, North Carolina** **Schedule 9**
**Beach Nourishment Master Plan Capital Project Fund**
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Over (Under) |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Investment Earnings | $ - | $ 16,414 | $ 11,887 | $ 28,301 | $ 28,301 |
| Change in fair market value of investments | - | (164,332) | 63,058 | (101,274) | (101,274) |
| Restricted intergovernmental | - | - | 25,000 | 25,000 | 25,000 |
| Total revenues | - | (147,918) | 99,945 | (47,973) | (47,973) |
| Expenditures | | | | | |
| General Government: | | | | | |
| Beach Study | 2,772,044 | 908,993 | 1,025,486 | 1,934,479 | (837,565) |
| Contingency | 125,000 | - | - | - | (125,000) |
| | | | | | - |
| Total Expenditures | 2,897,044 | 908,993 | 1,025,486 | 1,934,479 | (962,565) |
| Revenues (under) expenditures | (2,897,044) | (1,056,911) | (925,541) | (1,982,452) | 914,592 |
| Other financing sources: | | | | | |
| Transfers from Capital Reserve Fund | 2,897,044 | 2,897,044 | - | 2,897,044 | - |
| Total other financing sources | 2,897,044 | 2,897,044 | - | 2,897,044 | - |
| Net change in fund balance | $ - | $ 1,840,133 | (925,541) | $ 914,592 | $ 914,592 |
| Fund balance, beginning of year | | | 1,840,133 | | |
| Fund balance, end of year | | | $ 914,592 | | |

# ENTERPRISE FUND

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.

*Major Enterprise Fund*

The **Water Fund** is used to account for activities of the Water Departments.

The **Water Capital Reserve Fund** is a legally adopted Capital Reserve Fund, which has been consolidated with the Water Fund in the basic financial statements, and accounts for the accumulation of funds for capital improvements and debt payments related to the Town's water system. State Statute [N.C.G.S. 162A, Article 8] requires that all system development fee capital contributions be accounted for in a capital reserve fund.

The **Water Capital Projects Fund** accounts for funds used for the acquisition, construction or improvement of water system capital equipment and facilities.

**Town of Nags Head, North Carolina** **Schedule 10**
**Enterprise Fund - Water Fund**
**Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| REVENUES | | | | |
| Operating Revenues: | | | | |
| Water sales | | $ 3,758,134 | | $ 3,760,396 |
| Tap and connection fees | | 27,505 | | 21,277 |
| Late payment penalties and interest | | 23,289 | | 25,275 |
| Water non-payment fees | | 1,700 | | 3,450 |
| Miscellaneous | | 1,500 | | 1,900 |
| Total Operating Revenues | 3,863,539 | 3,812,128 | (51,411) | 3,812,298 |
| Non-operating Revenues: | | | | |
| Intergovernmental grant | | 474,062 | | 474,062 |
| Non-capital contribution | | 32,556 | | - |
| Interest earned on investments | | 53,495 | | 41,567 |
| Change in fair market value of investments | | (70,782) | | (330,205) |
| Total Non-operating Revenues | 797,849 | 489,331 | (308,518) | 185,424 |
| Total Revenues | 4,661,388 | 4,301,459 | (359,929) | 3,997,722 |
| EXPENDITURES | | | | |
| Administration: | | | | |
| Salaries and wages | | 152,210 | | 133,421 |
| FICA expense | | 10,619 | | 9,053 |
| Group insurance | | 34,344 | | 38,076 |
| Retirement expense | | 18,454 | | 15,168 |
| 401(k) account | | 6,065 | | 4,044 |
| Reimburse General Fund administrative expenses | | 46,046 | | 60,101 |
| Contracted services | | 2,400 | | 2,286 |
| Postage | | 12,530 | | 12,061 |
| Travel and Training | | 3,945 | | 580 |
| Supplies and materials | | 3,558 | | 2,708 |
| Professional fees | | 18,834 | | 13,940 |
| Repairs and maintenance, equipment | | 3,024 | | 2,391 |
| Total Administration | 380,913 | 312,029 | (68,884) | 293,829 |
| Septic Health: | | | | |
| Salaries and wages | | 27,030 | | 25,215 |
| FICA expense | | 2,041 | | 1,896 |
| Group insurance | | 3,862 | | 4,480 |
| Retirement | | 3,265 | | 2,859 |
| 401(k) account | | 1,073 | | 760 |
| Reimburse General Fund administrative expenses | | 25,384 | | 33,840 |
| Inspection rebates | | 7,388 | | 7,800 |
| Pumping credits | | 13,800 | | 2,340 |
| Postage | | 262 | | - |

**Town of Nags Head, North Carolina** **Schedule 10**
**Enterprise Fund - Water Fund**
**Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Septic Health (continued): | | | | |
| Travel and Training | | 712 | | 485 |
| Water quality testing | | 27,150 | | 12,180 |
| Contracted services | | 6,880 | | 14,755 |
| Printing | | 770 | | - |
| Advertising | | 1,020 | | - |
| Automotive supplies | | 756 | | 279 |
| Repairs and maintenance, vehicles | | 71 | | 37 |
| Departmental supplies | | 753 | | 464 |
| Total Septic Health | 194,197 | 122,217 | (71,980) | 107,390 |
| Operations: | | | | |
| Salaries and wages | | 245,804 | | 302,618 |
| FICA expense | | 17,885 | | 22,218 |
| Group insurance | | 57,125 | | 63,176 |
| Retirement | | 29,818 | | 34,467 |
| 401(k) account | | 9,801 | | 9,134 |
| Purchases for resale | | 687,441 | | 866,941 |
| Reimburse General Fund administrative expenses | | 292,597 | | 340,719 |
| Insurance | | 80,000 | | 59,192 |
| Utilities | | 40,658 | | 51,289 |
| Contracted services | | 7,800 | | 13,450 |
| Departmental supplies | | 35,859 | | 37,435 |
| Professional fees | | 3,282 | | 75 |
| Other supplies | | 4,972 | | 3,404 |
| Repairs and maintenance, equipment | | 9,798 | | 9,667 |
| Repairs and maintenance, buildings | | 79,496 | | 3,900 |
| Postage | | 62 | | 1,905 |
| Telephone | | 497 | | 956 |
| Uniforms | | 2,259 | | 1,852 |
| Dues and subscriptions | | 2,265 | | 2,473 |
| Equipment rental | | 258 | | 316 |
| Printing | | - | | 3,102 |
| Automotive supplies | | 8,119 | | 11,567 |
| Travel and Training | | 1,249 | | 678 |
| Repairs and maintenance, vehicles | | 232 | | 1,574 |
| Total Operations | 2,043,351 | 1,617,277 | (426,074) | 1,842,108 |
| Operations Distribution: | | | | |
| Salaries and wages | | 256,677 | | 227,832 |
| FICA expense | | 18,086 | | 16,312 |
| Group insurance | | 59,733 | | 54,202 |
| Group insurance, retiree | | 14,364 | | 14,358 |
| Retirement | | 30,924 | | 25,903 |

**Town of Nags Head, North Carolina** **Schedule 10**
**Enterprise Fund - Water Fund**
**Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Operations Distribution (continued): | | | | |
| 401(k) account | | 10,159 | | 6,879 |
| Reimburse General Fund administrative expenses | | 432,746 | | 198,581 |
| Contracted services | | 88,282 | | 155,440 |
| Other supplies | | 21,745 | | 13,267 |
| Repairs and maintenance, other | | 24,111 | | 9,702 |
| Automobile supplies | | 10,696 | | 8,089 |
| Departmental supplies | | 27,029 | | 19,450 |
| Professional fees | | 400 | | 31,055 |
| Uniforms | | 3,108 | | 2,894 |
| Repairs and maintenance, vehicles | | 2,737 | | 1,036 |
| Telephone | | 1,906 | | 2,099 |
| Dues and subscriptions | | 1,289 | | 1,414 |
| Advertising | | 788 | | 979 |
| Repairs and maintenance, equipment | | 57,785 | | 1,884 |
| Travel and Training | | 2,956 | | 3,040 |
| Total Operations Distribution | 1,465,096 | 1,065,521 | (399,575) | 794,416 |
| Capital Outlay: | | | | |
| Machinery and equipment | 291,347 | 95,846 | | 42,771 |
| Infrastructure | 721,147 | 718,184 | | 1,355,148 |
| Other | - | - | | 120,169 |
| Total Capital Outlay | 1,012,494 | 814,030 | (198,464) | 1,518,088 |
| TOTAL EXPENDITURES | 5,096,051 | 3,931,074 | (1,164,977) | 4,555,831 |
| REVENUES OVER (UNDER) EXPENDITURES | (434,663) | 370,385 | 805,048 | (558,109) |
| Other Financing Sources and (Uses): | | | | |
| Appropriated Net Position | 533,611 | - | | - |
| Transfer from Water Capital Reserve Fund | - | - | | 57,130 |
| Transfer from Nags Head Leasing Fund | - | - | | 109 |
| Transfer to Water Capital Reserve Fund | (25,000) | (24,775) | | (23,412) |
| Insurance recovery | - | - | | 16,850 |
| Debt interest | (729) | (731) | | (1,336) |
| Debt principal | (28,219) | (28,218) | | (38,495) |
| Contingency | (10,000) | - | | - |
| Septic Health Loans provided to customers | (60,000) | (54,300) | | (34,550) |
| Principal repayments Septic Health Loans | 25,000 | 29,838 | | 24,998 |
| Total Other Financing Sources and (Uses) | 434,663 | (78,186) | (512,849) | 1,294 |

**Town of Nags Head, North Carolina** **Schedule 10**
**Enterprise Fund - Water Fund**
**Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | $ - | $ 292,199 | $ 292,199 | $ (556,815) |
| RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS | | | | |
| Revenues over (under) expenditures | | $ 292,199 | | $ (556,815) |
| Reconciling items: | | | | |
| Septic Health Loans | | 54,300 | | 34,550 |
| Principal repayments Septic Health Loans | | (29,838) | | (24,998) |
| Payment of debt principal | | 28,218 | | 38,495 |
| (Increase) decrease in accrued interest payable | | (55,293) | | 119 |
| (Increase) decrease in accrued vacation payable | | (6,727) | | 6,549 |
| Increase in deferred outflows of resources-pensions | | 118,534 | | 25,204 |
| (Decrease) increase in deferred outflows of resources-OPEB | | (13,801) | | 27,479 |
| (Increase) decrease in net pension liability | | (339,655) | | 169,290 |
| Decrease (increase) in deferred inflows of resources-pensions | | 172,779 | | (174,906) |
| Decrease (increase) in OPEB liability | | 41,801 | | (8,923) |
| (Increase) decrease in deferred inflows of resources-OPEB | | (31,861) | | (41,496) |
| Limited obligation bonds | | (5,316,615) | | - |
| Capital contributions | | 32,775 | | 27,412 |
| Capital outlay | | 814,030 | | 1,518,088 |
| Loss on disposal of capital asset | | (1,533) | | - |
| Depreciation and amortization | | (387,926) | | (365,539) |
| Water Capital Reserve Fund | | 27,339 | | - |
| Water Capital Project Fund: | | | | |
| Revenues and other sources over expenditures | | 4,534,720 | | - |
| Capital outlay | | 839,416 | | - |
| Change in net position | | $ 772,862 | | $ 674,509 |

**Town of Nags Head, North Carolina** **Schedule 11**
**Enterprise Fund - Water Capital Reserve Fund**
**Schedule of Revenues and Expenditures-Budget and Actual (Non-GAAP)**
**For the Year Ended June 30, 2023**
**With Comparative Actual Amounts for the Year Ended June 30, 2022**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Budget | Actual | Variance Over (Under) | Actual |
| Revenues: | | | | |
| Investment earnings | $ - | $ 225 | 225 | $ 471 |
| Change in fair market value of investments | | 2,339 | 2,339 | (5,106) |
| Total revenues | - | 2,564 | 2,564 | (4,635) |
| Other financing sources (uses): | | | | |
| Transfer to Water Fund | - | - | - | (57,130) |
| Transfers from Water Fund | 25,000 | 24,775 | (225) | 23,412 |
| Appropriated net position | (25,000) | - | 25,000 | - |
| Total other financing sources (uses) | - | 24,775 | 24,775 | (33,718) |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | $ - | 27,339 | $ 27,339 | (38,353) |
| Change in net position | | $ 27,339 | | $ (38,353) |

**Town of Nags Head, North Carolina** **Schedule 12**
**Water Capital Projects Fund**
**Schedule of Revenues and Expenditures - Budget and Actual (non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Over (Under) |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Investment Earnings | $ - | $ - | $ 57,521 | $ 57,521 | $ 57,521 |
| Total revenues | - | - | 57,521 | 57,521 | 57,521 |
| Expenditures | | | | | |
| Public Services Complex: | | | | | |
| Professional Fees | 66,484 | - | 65,478 | 65,478 | (1,006) |
| Capital Construction Oversight | 219,377 | - | 184,904 | 184,904 | (34,473) |
| Construction | 2,926,070 | - | 275,583 | 275,583 | (2,650,487) |
| Equipment | 254,854 | - | 4,214 | 4,214 | (250,640) |
| Total Expenditures | 3,466,785 | - | 530,179 | 530,179 | (2,936,606) |
| Advanced Metering Infrastructure: | | | | | |
| Equipment | 1,849,830 | - | 309,237 | 309,237 | (1,540,593) |
| Total Expenditures | 1,849,830 | - | 309,237 | 309,237 | (1,540,593) |
| Revenues (under) expenditures | (5,316,615) | - | (781,895) | (781,895) | 4,534,720 |
| Other financing sources: | | | | | |
| Limited obligation bonds issued | 5,316,615 | - | 5,316,615 | 5,316,615 | - |
| Total other financing sources | 5,316,615 | - | 5,316,615 | 5,316,615 | - |
| Net change in fund balance | $ - | $ - | 4,534,720 | $ 4,534,720 | $ 4,534,720 |
| Fund balance, beginning of year | | | - | | |
| Fund balance, end of year | | | $ 4,534,720 | | |

# SUPPLEMENTARY SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

**TOWN OF NAGS HEAD, NORTH CAROLINA** **Schedule 13**
**Schedule of Ad Valorem Taxes Receivable**
**June 30, 2023**

| Fiscal Year | Uncollected Balance June 30, 2022 | Additions | Collections And Credits | Adjustments | Uncollected Balance June 30, 2023 |
|---|---|---|---|---|---|
| 2022-2023 | $ - | $ 8,752,780 | $ 8,992,507 | $ 240,407 | $ 680 |
| 2022-2023 MSD | | 1,636,421 | 1,644,720 | 8,301 | 2 |
| 2021-2022 | 881 | - | 74 | (5) | 802 |
| 2021-2022 MSD | 8 | - | - | - | 8 |
| 2020-2021 | 1,073 | - | 9 | - | 1,064 |
| 2020-2021 MSD | 2 | - | - | - | 2 |
| 2019-2020 | 699 | - | 10 | - | 689 |
| 2019-2020 MSD | 2 | - | - | - | 2 |
| 2018-2019 | 211 | - | 9 | - | 202 |
| 2018-2019 MSD | 1 | - | - | - | 1 |
| 2017-2018 | 185 | - | 9 | - | 176 |
| 2017-2018 MSD | 1 | - | - | - | 1 |
| 2016-2017 | 154 | - | 10 | - | 144 |
| 2015-2016 | 58 | - | 8 | - | 50 |
| 2015-2016 MSD | 2 | - | - | - | 2 |
| 2014-2015 | 90 | - | 11 | - | 79 |
| 2013-2014 | 1,182 | - | 10 | - | 1,172 |
| 2013-2014 MSD | 37 | - | - | - | 37 |
| 2012-2013 | 1,883 | - | 1,883 | - | - |
| 2012-2013 MSD | 2 | - | 2 | - | - |
| Total | $ 6,471 | $ 10,389,201 | $ 10,639,262 | $ 248,703 | $ 5,113 |

| | |
|---|---|
| Less allowance for uncollectible ad valorem taxes receivable | $ 5,000 |
| Ad Valorem Taxes Receivable, net | $ 113 |

Reconcilement with revenues:

| | |
|---|---|
| Taxes, ad valorem , General Fund | $ 9,001,649 |
| Taxes, ad valorem , General Fund, MSD | 1,644,720 |
| Reconciling items: | |
| Amounts written off for tax year 2012 | 528 |
| DMV written off for tax year 2012 | 1,356 |
| Prior year taxes released from Dare County | 302 |
| Penalties and interest | (9,293) |
| Subtotal | (7,107) |
| Total collections and credits | $ 10,639,262 |

**Town of Nags Head, North Carolina**
**Analysis of Current Tax Levy**
**June 30, 2023**

**Schedule 14**

| | Town - Wide | | | Total Levy | |
|---|---|---|---|---|---|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current year's rate | $ 3,042,397,495 | $ 0.2875 | $ 8,746,907 | $ 8,746,907 | $ - |
| Registered Motor Vehicles taxed at current year rates | 48,905,369 | 0.2875 | 140,959 | - | 140,959 |
| Registered Motor Vehicles taxed at 2021 year's rate | 12,585,232 | 0.2875 | 36,183 | - | 36,183 |
| Registered Motor Vehicles taxed at 2020 year's rate | 38,072 | 0.2650 | 101 | - | 101 |
| Penalties | - | - | 5,873 | 5,873 | - |
| Total | 3,103,926,168 | | 8,930,023 | 8,752,780 | 177,243 |
| Discoveries and Adjustments: | | | | | |
| Current year discoveries and adjustments | 23,430,182 | 0.2875 | 67,362 | 67,362 | - |
| Releases and Adjustments: | | | | | |
| Current year releases and adjustments | (562,846) | 0.2875 | (4,045) | (2,264) | (1,781) |
| Penalty Releases and Adjustments | - | - | (148) | (148) | - |
| Total | (562,846) | | (4,193) | (2,412) | (1,781) |
| Write-offs or Adjustments: | | | (5) | (5) | - |
| Total property valuation | $ 3,126,793,504 | | | | |
| Net levy | | | 8,993,187 | 8,817,725 | 175,462 |
| Uncollected taxes at June 30, 2023 | | | (680) | (680) | - |
| Current year taxes collected | | | $ 8,992,507 | $ 8,817,045 | $ 175,462 |
| Current levy collection percentage | | | 99.992% | 99.992% | 100.00% |

# STATISTICAL SECTION

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

**Contents** **Page**


Financial Trends 110

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 120

These tables contain information to help the reader assess the Town's most significant local revenue source: property tax.

Debt Capacity 125

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 130

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 132

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 NAGS HEAD, NORTH CAROLINA

## NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS

(accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Governmental activities | | | | |
| Net investment in capital assets | $ 33,903,387 | $ 31,135,962 | $ 27,708,368 | $ 20,966,687 |
| Restricted | 5,228,502 | 6,624,621 | 9,021,585 | 8,329,744 |
| Unrestricted | 5,800,045 | 3,898,698 | 3,755,364 | 4,890,365 |
| Total governmental activities net position | $ 44,931,934 | $ 41,659,281 | $ 40,485,317 | $ 34,186,796 |
| Business-type activities | | | | |
| Net investment in capital assets | $ 6,615,501 | $ 6,893,822 | $ 7,151,840 | $ 6,294,923 |
| Restricted | - | - | - | - |
| Unrestricted | 3,714,971 | 3,552,268 | 3,666,132 | 3,314,466 |
| Total business-type activities net position | $ 10,330,472 | $ 10,446,090 | $ 10,817,972 | $ 9,609,389 |
| Primary government | | | | |
| Net investment in capital assets | $ 40,518,888 | $ 38,029,784 | $ 34,860,208 | $ 27,261,610 |
| Restricted | 5,228,502 | 6,624,621 | 9,021,585 | 8,329,744 |
| Unrestricted | 9,515,016 | 7,450,966 | 7,421,496 | 8,204,831 |
| Total primary government activities net position | $ 55,262,406 | $ 52,105,371 | $ 51,303,289 | $ 43,796,185 |

Note:
The Town adopted GASB Statement No. 68 for fiscal year 2015; prior years are not restated.
The Town adopted GASB Statement No. 73 for fiscal year 2016; prior years are not restated.
The Town adopted GASB Statement No. 73 for fiscal year 2017; prior years are not restated.
The Town adopted GASB Statement No. 75 for fiscal year 2018; prior years are not restated.
The Town adopted GASB Statement No. 87 for fiscal year 2022; prior years are not restated.
The Town adopted GASB Statement No. 96 for fiscal year 2023; prior years are not restated.

**TABLE 1**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 21,952,386 | $ 25,110,090 | $ 40,161,631 | $ 36,284,111 | $ 33,233,399 | $ 41,411,411 |
| 11,467,485 | 20,760,822 | 11,135,803 | 11,184,939 | 9,405,616 | 12,950,862 |
| 1,878,340 | 6,504,243 | 3,379,930 | 4,724,498 | 6,454,409 | 3,207,522 |
| $ 35,298,211 | $ 52,375,155 | $ 54,677,364 | $ 52,193,548 | $ 49,093,424 | $ 57,569,795 |
| | | | | | |
| $ 6,220,850 | $ 6,084,121 | $ 6,462,459 | $ 5,008,907 | $ 6,199,951 | $ 6,815,447 |
| - | 20,747 | 29,815 | 45,506 | 7,153 | 34,492 |
| 2,914,008 | 2,904,685 | 2,788,642 | 4,039,632 | 3,522,990 | 3,653,017 |
| $ 9,134,858 | $ 9,009,553 | $ 9,280,916 | $ 9,094,045 | $ 9,730,094 | $ 10,502,956 |
| | | | | | |
| $ 28,173,236 | $ 31,194,211 | $ 46,624,090 | $ 41,293,018 | $ 39,433,350 | $ 48,226,858 |
| 11,467,485 | 20,781,569 | 11,165,618 | 11,230,445 | 9,412,769 | 12,985,354 |
| 4,819,348 | 9,408,928 | 6,168,572 | 8,764,130 | 9,977,399 | 6,860,539 |
| $ 44,460,069 | $ 61,384,708 | $ 63,958,280 | $ 61,287,593 | $ 58,823,518 | $ 68,072,751 |

# TOWN OF NAGS HEAD, NORTH CAROLINA
## CHANGES IN NET POSITION,
## LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Governmental activities: | | | | |
| General government | $ 9,408,905 | $ 10,812,062 | $ 9,974,716 | $ 10,328,168 |
| Public safety | 5,251,148 | 5,274,035 | 5,402,779 | 5,501,986 |
| Public Works | 2,158,516 | 2,137,237 | 2,174,552 | 4,728,501 |
| Environmental protection | 1,744,024 | 1,726,901 | 1,886,219 | 1,730,249 |
| Streets and Drainage | - | - | - | 545,888 |
| Interest on long-term debt | 319,462 | 226,348 | 143,298 | 40,122 |
| Total Governmental activites expenses | 18,882,055 | 20,176,583 | 19,581,564 | 22,874,914 |
| Business-type activities: | | | | |
| Water Fund | 2,634,525 | 2,721,655 | 2,616,111 | 2,926,519 |
| Storm Water Fund | 41,395 | 70,127 | 102,667 | 875,662 |
| Total Business-type activites expenses | 2,675,920 | 2,791,782 | 2,718,778 | 3,802,181 |
| Total primary government activites expenses | $ 21,557,975 | $ 22,968,365 | $ 22,300,342 | $ 26,677,095 |
| **Program revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services | | | | |
| General government | $ 426,391 | $ 470,792 | $ 407,776 | $ 429,748 |
| Public safety | 2,018 | 3,278 | 3,913 | 5,661 |
| Public Works | - | - | - | - |
| Environmental Protection | - | - | - | - |
| Operating grants and contributions | | | | |
| General government | 27,570 | 32,057 | 185,181 | 396,069 |
| Public safety | 111,572 | 73,833 | 70,628 | 84,511 |
| Public Works | 24,000 | 24,000 | 24,000 | 38,720 |
| Environmental protection | - | - | 30,000 | 92,574 |
| Streets and Drainage | - | - | - | 42,691 |
| Capital grants and contributions | | | | |
| General Government | 1,525,325 | 2,000,000 | 2,000,000 | 6,000 |
| Public safety | 83,843 | - | 7,000 | 22,676 |
| Public Works | 209,432 | 253,784 | 136,076 | 999,257 |
| Streets and Drainage | - | - | - | 952,487 |
| Total Governmental activites program revenues | 2,410,151 | 2,857,744 | 2,864,574 | 3,070,394 |
| Business-type activities | | | | |
| Charges for services: | | | | |
| Water Fund | 2,308,365 | 2,662,592 | 2,720,922 | 2,533,007 |
| Storm Water Fund | 115,364 | 116,184 | 233,540 | - |
| Operating grants and contributions | | | | |
| Water Fund | - | - | - | - |
| Capital grants and contributions: | | | | |
| Water Fund | 95,500 | 162,500 | 102,500 | 104,500 |
| Total Business-type activites program revenues | 2,519,229 | 2,941,276 | 3,056,962 | 2,637,507 |
| Total primary government activites program revenues | $ 4,929,380 | $ 5,799,020 | $ 5,921,536 | $ 5,707,901 |

Note:
The Town adopted GASB Statement No. 68 for fiscal year 2015; prior years are not restated.
The Town adopted GASB Statement No. 73 for fiscal year 2016; prior years are not restated.
The Town adopted GASB Statement No. 73 for fiscal year 2017; prior years are not restated.
The Town adopted GASB Statement No. 75 for fiscal year 2018; prior years are not restated.
The Town adopted GASB Statement No. 87 for fiscal year 2022; prior years are not restated.
The Town adopted GASB Statement No. 96 for fiscal year 2023; prior years are not restated.

**TABLE 2**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 3,548,805 | $ 8,197,403 | $ 12,396,326 | $ 12,504,708 | $ 12,715,848 | $ 13,554,409 |
| 5,791,918 | 5,922,340 | 6,340,300 | 7,036,704 | 7,342,949 | 8,229,791 |
| 2,146,924 | 2,390,713 | 2,616,743 | 2,158,949 | 2,991,500 | 3,252,736 |
| 1,857,765 | 1,920,037 | 2,017,127 | 2,183,166 | 2,214,312 | 2,531,073 |
| 310,542 | 318,282 | 381,747 | 267,697 | 286,284 | 339,067 |
| 41,470 | 430,674 | 581,012 | 294,342 | 233,493 | 329,881 |
| 13,697,424 | 19,179,449 | 24,333,255 | 24,445,566 | 25,784,386 | 28,236,957 |
| 3,082,644 | 3,382,034 | 3,186,733 | 3,950,579 | 3,401,302 | 3,621,457 |
| - | - | - | - | - | - |
| 3,082,644 | 3,382,034 | 3,186,733 | 3,950,579 | 3,401,302 | 3,621,457 |
| $ 16,780,068 | $ 22,561,483 | $ 27,519,988 | $ 28,396,145 | $ 29,185,688 | $ 31,858,414 |
| $ 556,438 | $ 251,901 | $ 241,799 | $ 321,514 | $ 553,362 | $ 635,277 |
| 4,343 | 33,147 | 19,946 | 34,925 | 41,131 | 30,662 |
| - | 73,813 | 109,837 | 99,103 | 103,732 | 101,286 |
| - | 7,459 | 3,688 | 1,661 | 4,352 | 224,668 |
| 24,275 | 37,696 | 649,033 | 646,167 | 681,383 | 633,166 |
| 58,844 | 100,179 | 189,960 | 71,984 | 127,808 | 72,056 |
| 24,000 | 15,812 | 52,467 | 24,000 | 23,273 | 20,047 |
| - | 17,222 | 60,898 | - | - | 10,000 |
| 93,831 | 5,165 | 4,123 | 110,487 | 126,566 | - |
| 1,047,680 | 17,726,292 | 7,726,152 | 58,943 | 762,190 | 12,636,151 |
| 23,131 | - | 227,579 | 282,649 | 17,946 | 67,268 |
| 185,000 | 512,450 | - | 169,458 | - | - |
| 25,432 | 202,805 | 136,387 | - | 6,130 | 172,685 |
| 2,042,974 | 18,983,941 | 9,421,869 | 1,820,891 | 2,447,873 | 14,603,266 |
| 2,696,650 | 3,088,432 | 3,365,591 | 3,713,838 | 3,810,398 | 3,810,628 |
| - | - | - | - | - | |
| - | - | - | 2,100 | - | 32,556 |
| 145,000 | 22,461 | 10,496 | 64,930 | 518,324 | 506,837 |
| 2,841,650 | 3,110,893 | 3,376,087 | 3,780,868 | 4,328,722 | 4,350,021 |
| $ 4,884,624 | $ 22,094,834 | $ 12,797,956 | $ 5,601,759 | $ 6,776,595 | $ 18,953,287 |

# TOWN OF NAGS HEAD, NORTH CAROLINA
## CHANGES IN NET POSITION,
## LAST TEN FISCAL YEARS
(accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **Net (Expense)/Revenue** | | | | |
| Governmental activities | $ (16,471,904) | $ (17,318,839) | $ (16,716,990) | $ (19,804,520) |
| Business-type activities | (156,691) | 149,494 | 338,184 | (1,164,674) |
| Total primary government net expense | $ (16,628,595) | $ (17,169,345) | $ (16,378,806) | $ (20,969,194) |
| | | | | |
| **General Revenues and Other Changes in Net Position** | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes levied for general purpose | $ 6,007,054 | $ 6,245,990 | $ 6,302,099 | $ 7,067,172 |
| Municipal service district taxes | 1,793,280 | 1,826,183 | 1,823,812 | - |
| Occupancy tax | 2,492,045 | 2,637,450 | 2,637,733 | 2,572,622 |
| Land transfer taxes | 532,837 | 664,756 | 658,595 | 617,313 |
| Sales taxes | 2,233,617 | 2,343,993 | 2,486,409 | 2,533,000 |
| Other taxes and licenses | 45,939 | 68,143 | 60,313 | 65,435 |
| Intergovernmental revenues not restricted | 699,313 | 841,649 | 1,080,122 | 1,018,345 |
| Net unrestricted investment earnings | 80,246 | 75,122 | 113,379 | 86,867 |
| Miscellaneous | 137,618 | 188,115 | 187,746 | 187,262 |
| Capital Contributions | 5,200 | - | - | - |
| Transfers | - | - | - | 69,670 |
| Total Governmental activities | 14,027,149 | 14,891,401 | 15,350,208 | 14,217,686 |
| | | | | |
| Business-type activities | | | | |
| Unrestricted investment earnings | 24,968 | 21,810 | 31,578 | 21,271 |
| Miscellaneous | 1,764 | 19,211 | 2,120 | 4,490 |
| Transfers | - | - | - | (69,670) |
| Total Business-type activities | 26,732 | 41,021 | 33,698 | (43,909) |
| | | | | |
| Total primary government | $ 14,053,881 | $ 14,932,422 | $ 15,383,906 | $ 14,173,777 |
| | | | | |
| **Change in Net Position** | | | | |
| Governmental activities | (2,444,755) | (2,427,438) | (1,366,782) | (5,586,834) |
| Restatement - Governmental activities | - | (845,215) | 192,818 | (711,687) |
| Business-type activities | (129,959) | 190,515 | 371,882 | (1,208,583) |
| Restatement - Business-type activities | - | (74,897) | - | - |
| Total primary government change in net position | $ (2,574,714) | $ (3,157,035) | $ (802,082) | $ (7,507,104) |

Note:
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The Town adopted GASB Statement No. 73 for fiscal year 2017; prior years are not restated.
The Town adopted GASB Statement No. 75 for fiscal year 2018; prior years are not restated.
The Town adopted GASB Statement No. 87 for fiscal year 2022; prior years are not restated.
The Town adopted GASB Statement No. 96 for fiscal year 2023; prior years are not restated.

**TABLE 2**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ (11,654,450) | $ (195,508) | $ (14,911,386) | $ (22,624,675) | $ (23,336,513) | $ (13,633,691) |
| (240,994) | (271,141) | 189,354 | (169,711) | 927,420 | 728,564 |
| $ (11,895,444) | $ (466,649) | $ (14,722,032) | $ (22,794,386) | $ (22,409,093) | $ (12,905,127) |
| | | | | | |
| $ 7,147,201 | $ 7,456,247 | $ 7,785,799 | $ 8,222,813 | $ 8,938,833 | $ 9,000,291 |
| 1,412,472 | 1,414,525 | 1,422,383 | 1,496,059 | 1,641,755 | 1,644,720 |
| 2,419,390 | 2,870,519 | 2,741,871 | 4,152,935 | 4,457,313 | 4,624,217 |
| 592,775 | 711,883 | 719,914 | 1,639,383 | 1,727,795 | 1,108,709 |
| 2,339,634 | 2,721,543 | 2,761,461 | 3,546,353 | 3,995,689 | 4,395,996 |
| 60,239 | 53,543 | 64,487 | 59,357 | 79,895 | 76,212 |
| 880,000 | 960,846 | 932,135 | 918,654 | 952,365 | 1,007,408 |
| 98,515 | 894,881 | 571,689 | (124,386) | (1,648,548) | 56,014 |
| 59,916 | 188,465 | 213,856 | 229,691 | 91,292 | 196,495 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 15,010,142 | 17,272,452 | 17,213,595 | 20,140,859 | 20,236,389 | 22,110,062 |
| | | | | | |
| 22,186 | 116,854 | 79,816 | (19,280) | (293,271) | 42,798 |
| 2,951 | 1,982 | 2,193 | 2,120 | 1,900 | 1,500 |
| - | - | - | - | - | - |
| 25,137 | 118,836 | 82,009 | (17,160) | (291,371) | 44,298 |
| | | | | | |
| $ 15,035,279 | $ 17,391,288 | $ 17,295,604 | $ 20,123,699 | $ 19,945,018 | $ 22,154,360 |
| | | | | | |
| 3,355,692 | 17,076,944 | 2,302,209 | (2,483,816) | (3,100,124) | 8,476,371 |
| (2,244,277) | - | - | - | - | - |
| (215,857) | (152,305) | 271,363 | (186,871) | 636,049 | 772,862 |
| (231,674) | - | - | - | - | - |
| $ 663,884 | $ 16,924,639 | $ 2,573,572 | $ (2,670,687) | $ (2,464,075) | $ 9,249,233 |

# TOWN OF NAGS HEAD, NORTH CAROLINA
## FUND BALANCES - GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| General Fund | | | | |
| Non-Spendable | $ 73,383 | $ 71,433 | $ 78,175 | $ 55,000 |
| Restricted | 5,040,137 | 6,496,072 | 9,228,864 | 6,984,415 |
| Committed | - | - | 263,271 | 262,520 |
| Assigned | 399,000 | 317,500 | 74,169 | 275,503 |
| Unassigned | 6,653,787 | 5,738,240 | 5,398,644 | 6,579,895 |
| Total General Fund | $ 12,166,307 | $ 12,623,245 | $ 15,043,123 | $ 14,157,333 |
| | | | | |
| All Other Governmental Funds | | | | |
| Restricted | $ 188,365 | $ 301,156 | $ 38,146 | $ 1,511,112 |
| Committed | 343,663 | 11,914 | - | 787,241 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | $ 532,028 | $ 313,070 | $ 38,146 | $ 2,298,353 |

Note:
The Town adopted GASB Statement No. 68 for fiscal year 2015; prior years are not restated.
The Town adopted GASB Statement No. 73 for fiscal year 2016; prior years are not restated.
The Town adopted GASB Statement No. 73 for fiscal year 2017; prior years are not restated.
The Town adopted GASB Statement No. 75 for fiscal year 2018; prior years are not restated.
The Town adopted GASB Statement No. 87 for fiscal year 2022; prior years are not restated.
The Town adopted GASB Statement No.96 for fiscal year 2023; prior years are not restated.

**TABLE 3**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 66,336 | $ 73,868 | $ 72,625 | $ 73,819 | $ 112,860 | $ 153,000 |
| 10,060,421 | 20,760,822 | 11,135,803 | 11,184,939 | 9,405,616 | 12,950,862 |
| 223,371 | 189,105 | 125,744 | 53,702 | - | - |
| 450,000 | 411,332 | - | 316,712 | 3,275,000 | 350,000 |
| 6,378,688 | 6,981,462 | 8,634,215 | 8,185,984 | 6,294,383 | 8,562,014 |
| $ 17,178,816 | $ 28,416,589 | $ 19,968,387 | $ 19,815,156 | $ 19,087,859 | $ 22,015,876 |
| | | | | | |
| $ 1,407,064 | $ - | $ - | $ - | $ - | $ - |
| 700,810 | - | - | 4,477,581 | 4,491,839 | 14,727,213 |
| - | 17,889,355 | 2,386,849 | - | - | - |
| - | - | - | - | - | - |
| $ 2,107,874 | $ 17,889,355 | $ 2,386,849 | $ 4,477,581 | $ 4,491,839 | $ 14,727,213 |

# TOWN OF NAGS HEAD, NORTH CAROLINA
## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Ad valorem taxes | $ 7,804,535 | $ 8,073,532 | $ 8,138,686 | $ 7,067,296 |
| Other taxes and licenses | 5,360,806 | 5,723,727 | 5,866,657 | 5,799,168 |
| Unrestricted intergovernmental revenues | 642,945 | 841,649 | 1,080,122 | 1,018,345 |
| Restricted intergovernmental revenues | 1,971,466 | 2,366,589 | 2,428,829 | 1,742,369 |
| Permits and fees | 258,038 | 307,544 | 281,000 | 325,505 |
| Sales and services | 2,018 | 3,278 | 3,913 | 92,226 |
| Net investment earnings | 80,246 | 75,122 | 113,380 | 86,867 |
| Other revenues | 316,247 | 368,451 | 281,436 | 214,459 |
| Total revenues | 16,436,301 | 17,759,892 | 18,194,023 | 16,346,235 |
| **Expenditures** | | | | |
| General government | 2,479,757 | 3,835,487 | 2,732,414 | 3,042,364 |
| Public safety | 4,749,036 | 4,951,779 | 4,978,495 | 5,076,316 |
| Environmental protection | 1,465,995 | 1,463,177 | 1,637,808 | 1,527,864 |
| Public works | 1,637,644 | 1,605,570 | 1,644,467 | 1,594,503 |
| Streets and Drainage | - | - | - | 141,859 |
| Debt service | | | | |
| Principal | 4,320,700 | 4,454,715 | 4,581,963 | 1,053,956 |
| Interest | 319,462 | 226,348 | 131,632 | 38,150 |
| Capital Outlay | 3,761,181 | 1,737,968 | 1,601,067 | 3,577,748 |
| Total expenditures | 18,733,775 | 18,275,044 | 17,307,846 | 16,052,760 |
| Excess (deficiency) of revenues over expenditures | (2,297,474) | (515,152) | 886,177 | 293,475 |
| **Other financing sources (uses)** | | | | |
| Installment financing | 938,539 | 753,132 | 1,015,819 | 988,525 |
| Limited obligation bond proceeds | - | - | - | - |
| Transfers from other funds | 1,000,000 | - | 139,373 | 2,743,952 |
| Transfers to other funds | (1,000,000) | - | (139,373) | (2,674,282) |
| Insurance recovery | - | - | - | - |
| IT subscription agreement | - | - | - | - |
| Sale of Capital Assets | - | - | 50,140 | 22,747 |
| Total other financing sources | 938,539 | 753,132 | 1,065,959 | 1,080,942 |
| Net change in fund balances | $ (1,358,935) | $ 237,980 | $ 1,952,136 | $ 1,374,417 |
| Debt service as a percentage of non-capital expenditures | 30.99% | 28.31% | 30.01% | 8.75% |

The Town adopted GASB Statement No. 87 for fiscal year 2022; prior years are not restated.
The Town adopted GASB Statement No. 96 for fiscal year 2023; prior years are not restated.

**TABLE 4**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 8,559,752 | $ 8,869,938 | $ 9,199,976 | $ 9,724,927 | $ 10,582,398 | $ 10,646,369 |
| 5,411,329 | 6,366,165 | 6,288,313 | 9,398,513 | 10,260,892 | 10,205,374 |
| 880,000 | 960,846 | 932,135 | 918,654 | 952,365 | 1,007,408 |
| 1,283,785 | 18,564,123 | 9,036,209 | 1,349,356 | 1,729,336 | 13,611,373 |
| 367,214 | 300,228 | 268,293 | 358,100 | 388,634 | 640,052 |
| 69,837 | 66,091 | 106,977 | 99,103 | 313,943 | 351,839 |
| 98,515 | 894,881 | 571,689 | (124,386) | (1,648,548) | 56,014 |
| 186,555 | 185,920 | 191,700 | 207,365 | 82,619 | 72,831 |
| 16,856,987 | 36,208,192 | 26,595,292 | 21,931,632 | 22,661,639 | 36,591,260 |
| | | | | | |
| 2,798,124 | 2,996,329 | 3,170,729 | 3,115,138 | 3,342,466 | 3,394,010 |
| 5,355,905 | 5,418,519 | 5,526,696 | 6,091,021 | 6,633,356 | 7,121,801 |
| 1,589,536 | 1,653,298 | 1,749,846 | 1,820,910 | 1,851,026 | 2,110,238 |
| 1,548,039 | 1,626,009 | 1,756,630 | 1,932,203 | 2,256,872 | 2,363,205 |
| 69,318 | 50,875 | 110,240 | 38,979 | 55,498 | 90,138 |
| | | | | | |
| 1,216,638 | 1,293,230 | 20,022,960 | 3,816,919 | 3,818,546 | 3,627,713 |
| 37,307 | 41,431 | 826,491 | 340,777 | 247,532 | 223,685 |
| 2,523,113 | 25,960,813 | 19,638,796 | 4,247,851 | 8,222,328 | 19,295,880 |
| 15,137,980 | 39,040,504 | 52,802,388 | 21,403,798 | 26,427,624 | 38,226,670 |
| | | | | | |
| 1,719,007 | (2,832,312) | (26,207,096) | 527,834 | (3,765,985) | (1,635,410) |
| | | | | | |
| 1,090,403 | 29,831,220 | 2,223,843 | 1,373,008 | 3,028,313 | - |
| - | - | - | - | - | 14,372,254 |
| 12,000 | 1,750,000 | - | - | - | 1,380,289 |
| (12,000) | (1,750,000) | - | - | - | (1,380,289) |
| - | - | - | - | - | 4,618 |
| - | - | - | - | - | 302,881 |
| 21,594 | 20,345 | 32,546 | 36,658 | 24,633 | 119,048 |
| 1,111,997 | 29,851,565 | 2,256,389 | 1,409,666 | 3,052,946 | 14,798,801 |
| | | | | | |
| $ 2,831,004 | $ 27,019,254 | $ (23,950,707) | $ 1,937,500 | $ (713,039) | $ 13,163,391 |
| | | | | | |
| 9.94% | 10.20% | 62.87% | 24.23% | 22.33% | 20.34% |

# TOWN OF NAGS HEAD , NORTH CAROLINA

## PROPERTY TAX LEVIES AND COLLECTIONS

## Last Ten Fiscal Years

| Fiscal Year Ended June 30, | | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|---|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2014 [1] | Town Tax | 5,871,417 | 5,867,233 | 99.929% | 3,013 | 5,870,246 | 99.980% |
| | MSD | 1,796,970 | 1,795,913 | 99.941% | 1,020 | 1,796,933 | 99.998% |
| 2015 | Town Tax | 6,144,915 | 6,139,249 | 99.908% | 5,587 | 6,144,836 | 99.999% |
| | MSD | 1,826,688 | 1,826,094 | 99.970% | 594 | 1,826,688 | 100.000% |
| 2016 | Town Tax | 6,183,302 | 6,182,422 | 99.986% | 830 | 6,183,252 | 99.999% |
| | MSD | 1,826,763 | 1,826,761 | 100.000% | - | 1,826,761 | 100.000% |
| 2017 | Town Tax | 6,940,569 | 6,940,373 | 99.997% | 52 | 6,940,425 | 99.998% |
| | MSD | - | - | - | - | - | - |
| 2018 | Town Tax | 7,013,398 | 7,012,961 | 99.994% | 261 | 7,013,222 | 99.997% |
| | MSD | 1,408,776 | 1,408,775 | 100.000% | - | 1,408,775 | 100.000% |
| 2019 | Town Tax | 7,316,246 | 7,314,496 | 99.976% | 1,548 | 7,316,044 | 99.997% |
| | MSD | 1,410,251 | 1,410,249 | 100.000% | - | 1,410,249 | 100.000% |
| 2020 | Town Tax | 7,636,229 | 7,626,449 | 99.872% | 9,091 | 7,635,540 | 99.991% |
| | MSD | 1,417,273 | 1,416,659 | 99.957% | 614 | 1,417,273 | 100.000% |
| 2021[1] | Town Tax | 8,066,495 | 8,062,721 | 99.953% | 2,710 | 8,065,431 | 99.987% |
| | MSD | 1,490,916 | 1,490,914 | 100.000% | - | 1,490,914 | 100.000% |
| 2022 | Town Tax | 8,781,194 | 8,780,313 | 99.990% | 79 | 8,780,392 | 99.991% |
| | MSD | 1,629,822 | 1,629,814 | 99.999% | 1 | 1,629,814 | 99.999% |
| 2023 | Town Tax | 8,817,725 | 8,817,045 | 99.992% | [2] | 8,817,045 | 99.992% |
| | MSD | 1,636,362 | 1,636,360 | 100.000% | [2] | 1,636,360 | 100.000% |

[1] Revaluation of taxable property occured on January 1, 2005, January 1, 2013 and January 1, 2020
Each year's tax levy is revised every year to reflect pick-ups and releases applicable to that year.
Subsequent year's tax collections include subsequent collections of the original levy and collections of pick-ups and releases applicable to each particular year.

[2] Not applicable.

# TOWN OF NAGS HEAD, NORTH CAROLINA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

### Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Real Property Values [1] | Personal Property Values | | Public Service Companies [2] |
|---|---|---|---|---|
| | | Personal Property | Motor Vehicles | |
| 2014 | 2,210,678,642 | 54,462,235 | 44,412,419 | 18,965,401 |
| 2015 | 2,228,360,489 | 52,343,680 | 33,300,237 | 18,701,795 |
| 2016 | 2,239,840,450 | 54,088,189 | 37,067,856 | 20,901,166 |
| 2017 | 2,257,250,050 | 57,495,138 | 40,324,874 | 21,283,233 |
| 2018 | 2,278,240,948 | 60,597,638 | 43,120,308 | 21,148,487 |
| 2019 | 2,295,555,798 | 63,861,050 | 44,180,248 | 21,769,329 |
| 2020 | 2,315,518,798 | 69,294,281 | 44,828,004 | 22,078,064 |
| 2021 | 2,950,695,331 | 69,509,322 | 54,412,251 | 22,545,724 |
| 2022 | 2,958,509,981 | 70,980,064 | 55,099,553 | 22,499,186 |
| 2023 | 2,971,566,181 | 70,306,469 | 61,528,673 | 23,392,181 |

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 in Dare County was completed on January 1, 2020 (previous revaluation was January 1, 2013). 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.

[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.

**TABLE 6**

| Total Taxable Assessed Value | Total Direct Tax Rate [3] | Sales to Assessment Ratio [4] | Estimated Actual Taxable Value |
|---|---|---|---|
| 2,328,518,697 | 0.2570 | 93.80% | 2,482,429,314 |
| 2,332,706,201 | 0.2670 | 95.17% | 2,451,094,043 |
| 2,351,897,661 | 0.2670 | 92.42% | 2,544,792,968 |
| 2,376,353,295 | 0.2970 | 90.27% | 2,632,495,065 |
| 2,403,107,381 | 0.2970 | 88.93% | 2,702,246,015 |
| 2,425,366,425 | 0.3070 | 83.49% | 2,904,978,351 |
| 2,451,719,147 | 0.3170 | 102.57% | 2,390,288,727 |
| 3,097,162,628 | 0.2650 | 99.91% | 3,099,952,585 |
| 3,107,088,784 | 0.2875 | 79.11% | 3,927,555,030 |
| 3,126,793,504 | 0.2875 | 63.20% | 4,947,458,076 |

**TABLE 7**

# TOWN OF NAGS HEAD, NORTH CAROLINA

## PROPERTY TAX RATES OF DIRECT AND OVERLAPPING GOVERNMENTAL JURISDICTIONS [1]
## Last Ten Fiscal Years

| Year Ended June 30, | Town of Nags Head [2] | County of Dare [3] |
|---|---|---|
| 2014 | 0.2570 Town Wide Rate<br>0.2300 MSD Rate | 0.43 |
| 2015 | 0.2670 Town Wide Rate<br>0.2300 MSD Rate | 0.43 |
| 2016 | 0.2670 Town Wide Rate<br>0.2300 MSD Rate | 0.43 |
| 2017 | 0.2970 Town Wide Rate<br>0.0000 MSD Rate | 0.43 |
| 2018 | 0.2970 Town Wide Rate<br>0.1750 MSD Rate | 0.47 |
| 2019 | 0.3070 Town Wide Rate<br>0.1750 MSD Rate | 0.47 |
| 2020 | 0.3170 Town Wide Rate<br>0.1750 MSD Rate | 0.47 |
| 2021 | 0.265 Town Wide Rate<br>0.1430 MSD Rate | 0.4005 |
| 2022 | 0.2875 Town Wide Rate<br>0.143 Dist 1 MSD Rate<br>0.143 Dist 2 MSD Rate<br>0.005 Dist 3 MSD Rate<br>0.01 Dist 4 MSD Rate<br>0.000 Dist 5 MSD Rate<br>0.005 Dist 6 MSD Rate | 0.4005 |
| 2023 | 0.2875 Town Wide Rate<br>0.143 Dist 1 MSD Rate<br>0.143 Dist 2 MSD Rate<br>0.005 Dist 3 MSD Rate<br>0.01 Dist 4 MSD Rate<br>0.000 Dist 5 MSD Rate<br>0.005 Dist 6 MSD Rate | 0.4005 |

[1] All tax rates are expressed in dollars of tax per $100 of assessed valuation.
[2] Town of Nags Head Tax and Finance Department.
[3] Dare County Tax Assessment Office.

# TOWN OF NAGS HEAD, NORTH CAROLINA

## PRINCIPAL PROPERTY TAXPAYERS (by Assessed Value)
## Current Year and Nine Years Ago

| | June 30, 2023 | | | June 30, 2014 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percent of Total Assessed Valuation | Taxable Assessed Value | Rank | Percent of Total Assessed Valuation |
| Dominion NC Power | $ 19,564,943 | 1 | 0.64% | $ 17,141,584 | 1 | 0.75% |
| SRE Mustang (previously Tanger) | 14,990,094 | 2 | 0.49% | 9,358,198 | 10 | 0.41% |
| The Outer Banks Hospital, Inc. | 14,052,200 | 3 | 0.46% | | | |
| Nags Head Company, LLC | 14,025,980 | 4 | 0.46% | 9,796,545 | 9 | 0.43% |
| Ocean Carolina, LLC | 11,798,506 | 5 | 0.38% | | | |
| Brian K. Newman | 10,773,676 | 6 | 0.35% | 13,517,681 | 6 | 0.59% |
| Stanford M. White | 10,708,451 | 7 | 0.35% | 14,060,638 | 5 | 0.62% |
| Mildred Roughton | 10,127,028 | 8 | 0.33% | 15,875,549 | 2 | 0.69% |
| Clubcorp Golf of North Carolina | 9,767,797 | 9 | 0.32% | 11,041,051 | 8 | 0.48% |
| Surf Side Realty LLC | 8,708,279 | 10 | 0.28% | | | |
| The Lacour Group, LLC | | | | 14,587,537 | 3 | 0.64% |
| Kenneth Simpler | | | | 14,265,700 | 4 | 0.62% |
| Nags Head Inn | | | | 13,136,685 | 7 | 0.58% |
| | $ 124,516,954 | | 4.06% | $ 132,781,168 | | 5.81% |

Assessed values provided by Dare County Tax Department

# TOWN OF NAGS HEAD, NORTH CAROLINA
## RATIOS OF OUTSTANDING DEBT BY TYPE
## Last Ten Fiscal Years

| | Outstanding Debt | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | | | Business-type Activities | |
| Fiscal Year | Installment Financing | Direct Borrowing Installment Finance Purchases | Direct Placement Installment Finance Purchases | Right of Use Liabilities | Installment Financing | Direct Borrowing Installment Finance Purchases |
| 2014 | - | 2,363,390 | 7,200,000 | - | - | 531,467 |
| 2015 | - | 2,261,807 | 3,600,000 | - | - | 411,700 |
| 2016 | - | 2,295,663 | - | - | - | 322,838 |
| 2017 | - | 2,230,231 | - | - | - | 261,234 |
| 2018 | - | 2,103,996 | - | - | - | 146,783 |
| 2019 | - | 3,028,149 | 27,613,837 | - | - | 34,371 |
| 2020 | - | 3,738,869 | 9,104,000 | - | - | 59,945 |
| 2021 | - | 3,570,958 | 6,828,000 | - | - | 79,295 |
| 2022 | - | 5,097,186 | 4,552,000 | 99,542 | - | 40,799 |
| 2023 | 14,372,254 | 3,850,098 | 2,276,000 | 297,801 | 5,316,615 | 12,582 |

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 12 - Demographic and Economic Statistics for personal income and population data.

* Information Unavailable

The Town adopted GASB Statement No. 87 for fiscal year 2022; prior years are not restated.
The Town adopted GASB Statement No.96 for fiscal year 2023; prior years are not restated.

**TABLE 9**

| Total Primary Government | Percent of Estimated Governmental Activities | Total | Per Capita [2] | Percent of Personal Income [2] |
|---|---|---|---|---|
| 10,094,857 | 0.39% | 0.41% | 3,480 | 7.85% |
| 6,273,507 | 0.24% | 0.26% | 2,151 | 4.43% |
| 2,618,501 | 0.09% | 0.10% | 886 | 1.80% |
| 2,491,465 | 0.08% | 0.09% | 837 | 1.57% |
| 2,250,779 | 0.08% | 0.08% | 752 | 1.33% |
| 30,676,357 | 1.05% | 1.06% | 10,198 | 17.68% |
| 12,902,814 | 0.54% | 0.54% | 4,204 | 7.10% |
| 10,478,253 | 0.34% | 0.34% | 3,300 | 4.79% |
| 9,789,527 | 0.25% | 0.25% | 3,083 | * |
| 26,125,350 | 0.42% | 0.53% | 8,061 | * |

## TOWN OF NAGS HEAD, NORTH CAROLINA
### LEGAL DEBT MARGIN INFORMATION
### Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Assessed Value of Property | $ 2,328,518,697 | $ 2,332,706,201 | $ 2,351,897,661 | $ 2,376,353,295 |
| Debt Limit, 8% of Assessed Value (Statutory Limitation) | $ 186,281,496 | $ 186,616,496 | $ 188,151,813 | $ 190,108,264 |
| Amount of debt applicable to limit | | | | |
| Gross debt | $ 10,094,857 | $ 6,273,507 | $ 2,618,501 | $ 2,491,465 |
| Total net debt applicable to limit | $ 10,094,857 | $ 6,273,507 | $ 2,618,501 | $ 2,491,465 |
| Legal Debt Margin | $ 176,186,639 | $ 180,342,989 | $ 185,533,312 | $ 187,616,799 |
| Total net debt applicable to the limit as a percentage of debt limit | 5.42% | 3.36% | 1.39% | 1.31% |
| Total net debt applicable to the limit as a percentage of assessed value | 0.43% | 0.27% | 0.11% | 0.10% |

Note: NC General Statute 159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to limit:
Money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds.

The legal debt margin is the difference between the debt limit and the Town's net debt outstanding applicable to the limit, and represents the Town's legal borrowing authority.
NC General Statute 159-55 requires the use of par values of debt, therefore related amounts of original issue discounts and premiums and deferred amounts on refunding are excluded from this schedule.

**TABLE 10**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 2,403,107,381 | $ 2,425,366,425 | $ 2,451,719,147 | $ 3,097,162,628 | $ 3,107,088,784 | $ 3,126,793,504 |
| $ 192,248,590 | $ 194,029,314 | $ 196,137,532 | $ 247,773,010 | $ 248,567,103 | $ 250,143,480 |
| $ 2,250,779 | $ 30,676,357 | $ 12,902,814 | $ 10,478,253 | $ 9,689,985 | $ 26,125,350 |
| $ 2,250,779 | $ 30,676,357 | $ 12,902,814 | $ 10,478,253 | $ 9,689,985 | $ 26,125,350 |
| $ 189,997,811 | $ 163,352,957 | $ 183,234,718 | $ 237,294,757 | $ 238,877,118 | $ 224,018,130 |
| 1.17% | 15.81% | 6.58% | 4.23% | 3.90% | 10.44% |
| 0.09% | 1.26% | 0.53% | 0.34% | 0.31% | 0.84% |

**TABLE 11**

# TOWN OF NAGS HEAD, NORTH CAROLINA
## Direct and Overlapping Governmental Activities Debt
## As of June 30, 2023

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable [1] | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Dare County | $ 135,868,096 | 18.30% | $ 24,865,758 |
| Town of Nags Head direct debt | | | 20,796,153 |
| Total direct and overlapping debt | | | 45,661,911 |

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 Nags Head. 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 Town's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

**TABLE 12**

# TOWN OF NAGS HEAD, NORTH CAROLINA

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### Last Ten Fiscal Years

| | TOWN OF NAGS HEAD | | DARE COUNTY | | |
|---|---|---|---|---|---|
| Fiscal Year | Population [1] | Personal Income [5] | Per Capita Personal Income [4] | School Enrollment [3] | Unemployment Percentage Rate [2] |
| 2014 | 2,901 | 136,442,733 | 47,033 | 4,960 | 9.6% |
| 2015 | 2,916 | 141,723,432 | 48,602 | 4,921 | 8.1% |
| 2016 | 2,954 | 145,478,592 | 49,248 | 4,944 | 6.8% |
| 2017 | 2,977 | 159,016,455 | 53,415 | 5,117 | 6.8% |
| 2018 | 2,994 | 168,604,116 | 56,314 | 5,151 | 5.9% |
| 2019 | 3,008 | 173,525,504 | 57,688 | 5,233 | 5.1% |
| 2020 | 3,069 | 181,807,560 | 59,240 | 5,367 | 8.2% |
| 2021 | 3,175 | 218,716,225 | 68,887 | 5,131 | 6.9% |
| 2022 | 3,213 | * | * | 5,140 | 4.8% |
| 2023 | 3,241 | * | * | 5,109 | 4.3% |

[1] North Carolina Demographer's Office.

[2] Employment Security Commission. Unadjusted

[3] Dare County Board of Education, as of the end of the school term. 2017 starts the inclusion of Pre-K

[4] Bureau of Economic Analysis. Updated 11/16/2022

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

* - Information unavailable

**TABLE 13**

# TOWN OF NAGS HEAD, NORTH CAROLINA
## PRINCIPAL EMPLOYERS,
## Current Year and Nine Years Ago

| | June 30, 2023 | | | June 30, 2014 | | |
|---|---|---|---|---|---|---|
| Employers | Employees [1] | Rank [2] | Percent of Total Town Employment | Employees [1] | Rank [3] | Percent of Total Town Employment |
| Dare County Schools | 500 - 999 | 1 | * | 500 - 999 | 1 | * |
| Vidant Medical Center (Hospital) | 250 - 499 | 2 | * | 250 - 499 | 4 | * |
| Food Lion | 250 - 499 | 3 | * | 250 - 499 | 2 | * |
| Village Realty | 250 - 499 | 4 | * | 250 - 499 | 3 | * |
| Town of Nags Head | 100 - 249 | 5 | * | 100 - 249 | 8 | * |
| State of NC Dept of Cultural Resources | 100 - 249 | 6 | * | 100 - 249 | 5 | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| * | * | * | * | * | * | * |
| Stan White Realty & Const Inc | * | * | * | 100 - 249 | 6 | * |
| Kitty Hawk Kites | * | * | * | 100 - 249 | 7 | * |

[1] Employment data is only available in ranges from the North Carolina Employment Security Commission.
[2] Employment data is only available in rank 1-6 from the North Carolina Employment Security Commission.
[3] Employment data is only available in rank 1-8 from the North Carolina Employment Security Commission.
* Information unavailable for the Town of Nags Head

This information was obtained by AccessNC@NCCommerce.com. The list reflects county-wide information for businesses in Dare County, that have locations in Nags Head, NC.

# TOWN OF NAGS HEAD, NORTH CAROLINA

## FULL-TIME-EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,

**Last Ten Fiscal Years**

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | | | | | | | | | | |
| General government | | | | | | | | | | |
| Administration | 6 | 6 | 6 | 6 3/4 | 7 1/2 | 7 1/2 | 6 3/4 | 5 3/4 | 5 | 5 |
| Administrative Services | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 5 1/2 | 5 1/2 |
| Information Technology | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Planning and Development | 8 | 8 | 8 1/2 | 8 1/2 | 9 | 9 1/2 | 10 3/4 | 10 3/4 | 10 1/4 | 10 1/4 |
| Public Safety | | | | | | | | | | |
| Police | 24 | 24 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 27 |
| Fire | 27 | 27 | 27 | 27 | 27 | 27 | 27 1/3 | 27 1/3 | 27 1/3 | 27 1/3 |
| Ocean Rescue | 24 | 24 | 24 | 26 | 26 | 26 | 25 2/3 | 50 2/3 | 25 2/3 | 25 2/3 |
| Year-round | 1 | 1 | 1 | 1 | 1 | 1 | 2/3 | 2/3 | 2/3 | 2/3 |
| Seasonal Lifeguards | 23 | 23 | 23 | 25 | 25 | 25 | 25 | 50 | 25 | 25 |
| Enviromental Protectoin | | | | | | | | | | |
| Solid Waste | 10 | 10 | 10 | 10 | 11 | 11 | 11 1/2 | 9 1/2 | 9 1/2 | 9 1/2 |
| Public Works | | | | | | | | | | |
| Administration | 4 | 4 | 4 | 3 | 2 3/4 | 2 3/4 | 2 3/4 | 2 3/4 | 4 1/4 | 3 1/2 |
| Facilities Maintenance | 9 1/2 | 9 1/2 | 10 1/2 | 10 1/2 | 11 | 12 | 12 1/2 | 13 | 12 | 13 |
| Garage | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Water | | | | | | | | | | |
| Water Administration | 1 1/2 | 1 1/2 | 1 1/2 | 1 1/2 | 2 1/2 | 2 1/2 | 2 1/4 | 2 1/4 | 2 1/2 | 2 1/4 |
| Septic Health | 1 | 1 | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 | 1/2 |
| Water Operations | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 4 |
| Water Distribution | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |

Source: Town of Nags Head Administrative Services 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.

# TOWN OF NAGS HEAD, NORTH CAROLINA
## OPERATING INDICATORS BY FUNCTION/PROGRAM,
## Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Population | 2,901 | 2,916 | 2,954 | 2,977 |
| Police: | | | | |
| Crime Activity: Reported | | | | |
| Rape (includes attempts): | 9 | 11 | 3 | 3 |
| Robbery (includes attempts): | 3 | - | 1 | 1 |
| Assaults (felonious & misdemeanor): | 90 | 65 | 85 | 98 |
| Burglary(breaking/entering-structures): | 65 | 150 | 98 | 112 |
| Larceny: | 231 | 191 | 201 | 106 |
| Auto Larceny: | 2 | 7 | 6 | 8 |
| Arson/unlawful burnings: | - | 2 | 4 | - |
| All other crimes (unspecified above): | 404 | 493 | 395 | 532 |
| Total Crime: | 804 | 919 | 793 | 860 |
| Traffic Activity: | | | | |
| Traffic Accidents | 248 | 269 | 251 | 266 |
| Driving while impaired arrests | 57 | 56 | 53 | 50 |
| General traffic violations-citation | 1,010 | 1,150 | 1,406 | 1,746 |
| General traffic violations-warning | 1,307 | 1,291 | 1,938 | 2,190 |
| Parking violations-citation issued | - | 1 | 1 | 2 |
| All other traffic-related, non-violation | 61 | 43 | 46 | 108 |
| Total Traffic | 2,683 | 2,810 | 3,695 | 4,362 |
| General Calls for Service: | | | | |
| Police calls-emergency status, non-emergency, traffic control | 9,863 | 10,584 | 11,760 | 11,244 |
| Animal control calls | - | 304 | 355 | 265 |
| Total General Calls for Service | 9,863 | 10,888 | 12,115 | 11,509 |
| Total all Police/Animal Control Activity | 13,350 | 14,617 | 16,603 | 16,731 |

Source: Budget documents and individual Town departments.

**TABLE 15**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| 2,994 | 3,008 | 3,069 | 3,175 | 3,213 | 3,241 |
| | | | | | |
| 1 | 4 | 2 | 3 | 2 | 2 |
| 2 | - | 1 | 1 | . | - |
| 77 | 74 | 73 | 75 | 88 | 75 |
| 111 | 46 | 17 | 42 | 31 | 84 |
| 116 | 94 | 96 | 87 | 50 | 58 |
| 5 | 2 | 3 | 5 | 10 | 2 |
| 1 | - | 1 | - | . | - |
| 375 | 249 | 198 | 207 | 177 | 209 |
| 688 | 469 | 391 | 420 | 358 | 430 |
| | | | | | |
| 258 | 258 | 229 | 233 | 229 | 219 |
| 68 | 47 | 37 | 40 | 77 | 66 |
| 1,714 | 1,067 | 2,148 | 1,019 | 565 | 1,643 |
| 2,408 | 1,891 | 1,384 | 1,103 | 1,493 | 1,822 |
| 7 | 2 | 19 | 129 | 229 | 191 |
| 45 | 61 | 208 | 245 | 222 | 1,185 |
| 4,500 | 3,326 | 4,025 | 2,769 | 2,815 | 5,126 |
| | | | | | |
| 17,156 | 14,590 | 11,711 | 14,066 | 14,613 | 13,724 |
| 667 | 661 | 635 | 716 | 635 | 579 |
| 17,823 | 15,251 | 12,346 | 14,782 | 15,248 | 14,303 |
| | | | | | |
| 23,011 | 19,046 | 16,762 | 17,971 | 18,421 | 19,429 |

# TOWN OF NAGS HEAD, NORTH CAROLINA
## OPERATING INDICATORS BY FUNCTION/PROGRAM,
## Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Fire: | | | | |
| Number of volunteers | 13 | 16 | 12 | 9 |
| Number of calls answered | 877 | 918 | 882 | 1,116 |
| Total dollar loss | $ 14,300 | $ 716,650 | $ 457,150 | $ 1,273,400 |
| Total dollar property and content saved | $ 4,051,050 | $ 3,190,600 | $ 4,809,750 | $ 7,939,200 |
| Planning: | | | | |
| Building permits: | | | | |
| One and Two Family Dwellings | 24 | 48 | 33 | 31 |
| Residential multi-family | - | - | 1 | - |
| Commercial/Government/Other | 2 | 1 | - | 3 |
| Miscellaneous: | 333 | 351 | 416 | 348 |
| Accessory Structure | 56 | 59 | 42 | 38 |
| Addition | 12 | 22 | 14 | 35 |
| Demolition | 6 | 16 | 6 | 6 |
| Move | 1 | 6 | 6 | - |
| Remodel | 62 | 58 | 47 | 66 |
| Repair | 196 | 190 | 301 | 203 |
| Trade Permits: | | | | |
| Electrical | 497 | 447 | 533 | 538 |
| Gas | 17 | 27 | 31 | 41 |
| Mechanical | 407 | 446 | 454 | 468 |
| Plumbing | 100 | 123 | 112 | 129 |
| Sprinkler | 9 | 7 | 7 | 6 |
| Number of CAMA permits issued | 42 | 45 | 71 | 54 |
| Number of land disturbance permits issued | 13 | 23 | 34 | 19 |
| Number of certificates of occupancy issued | 27 | 42 | 30 | 38 |
| Site plan reviews: | | | | |
| Commercial | 4 | 4 | 5 | 3 |
| Residential | * | * | * | * |
| Number of zoning amendments | 12 | 12 | 11 | 10 |
| Number of variance applications | 2 | 2 | 2 | 6 |
| Number of exempt plats issued | - | - | 1 | 2 |
| Number of code compliance inspections | 231 | 198 | 193 | 1,430 |

* Information Unavailable
Source: Budget documents and individual Town departments.

**TABLE 15**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| 10 | 8 | 4 | 3 | 3 | 4 |
| 1,092 | 1,057 | 958 | 990 | 1,091 | 1,045 |
| $ 142,700 | $ 1,391,700 | $ 266,050 | $ 290,400 | $ 365,150 | $ 345,950 |
| $ 9,222,715 | $ 8,947,900 | $ 3,945,550 | $ 7,539,800 | $ 5,556,650 | $ 9,902,450 |
| | | | | | |
| 45 | 25 | 13 | 24 | 23 | 24 |
| - | - | - | - | - | - |
| 4 | 4 | 2 | - | 1 | 2 |
| 339 | 425 | 437 | 431 | 473 | 550 |
| 40 | 46 | 46 | 51 | 48 | 51 |
| 17 | 21 | 17 | 29 | 24 | 30 |
| 7 | 6 | 2 | 7 | 9 | 3 |
| - | - | - | - | - | - |
| 67 | 92 | 98 | 132 | 129 | 134 |
| 208 | 260 | 274 | 212 | 263 | 332 |
| 571 | 492 | 424 | 545 | 506 | 633 |
| 31 | 23 | 21 | 37 | 23 | 34 |
| 485 | 434 | 373 | 443 | 383 | 446 |
| 135 | 100 | 92 | 96 | 69 | 104 |
| 13 | 4 | 3 | 3 | 4 | 4 |
| 65 | 59 | 30 | 31 | 28 | 37 |
| 35 | 21 | 38 | 71 | 54 | 49 |
| 34 | 40 | 23 | 19 | 21 | 25 |
| 12 | 8 | 6 | 1 | 6 | 7 |
| * | * | * | * | * | * |
| 9 | 5 | 10 | 13 | 9 | 8 |
| 2 | 1 | 5 | 8 | 4 | 0 |
| 2 | 2 | 2 | 3 | 2 | 3 |
| 1,315 | 1,064 | 774 | 883 | 773 | * |

# TOWN OF NAGS HEAD, NORTH CAROLINA
## OPERATING INDICATORS BY FUNCTION/PROGRAM,
## Last Ten Fiscal Years

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Planning continued: | | | | |
| Total building permit fees | $ 177,594 | $ 221,100 | $ 201,576 | $ 199,232 |
| Total site plan review fees | $ 21,970 | $ 12,538 | $ 10,290 | $ 35,727 |
| Total CAMA permit fees | $ 5,100 | $ 5,300 | $ 8,600 | $ 5,300 |
| Total construction valuation | $ 22,017,479 | $ 36,682,703 | $ 29,925,081 | $ 30,640,450 |
| Septic Health: | | | | |
| Tank Inspections | 301 | 324 | 298 | 281 |
| Tanks Pumped | 56 | 43 | 54 | 59 |
| Water Quality Sites Tested | 273 | 253 | 322 | 299 |
| Refuse collection: | | | | |
| Refuse collection (tons) | 8,239.19 | 8,225.68 | 8,253.29 | 8,593.27 |
| Bulk (tons) | 512.64 | 703.52 | 423.83 | 628.82 |
| Water: | | | | |
| Number of new services | 34.0 | 60.0 | 31.0 | 36.0 |
| Number of new customers | 171.0 | 248.0 | 236.0 | 250.0 |
| Daily consumption (million gallons) | 1.3 | 1.2 | 1.1 | 1.2 |
| Maximum daily capacity of plant(million gallons) | 7.9 | 7.9 | 7.9 | 7.9 |
| Maximum contracted per day(million gallons) | 3.5 | 3.5 | 3.5 | 3.5 |

* Information Unavailable

Source: Budget documents and individual Town departments.

**TABLE 15**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 229,929 | $ 190,236 | $ 189,016 | $ 221,005 | $ 234,818 | $ 257,124 |
| $ 36,193 | $ 8,442 | $ 10,930 | $ 15,822 | $ 15,558 | $ 41,700 |
| $ 7,400 | $ 5,900 | $ 3,900 | $ 3,700 | $ 3,400 | $ 4,400 |
| $ 36,335,579 | $ 25,775,548 | $ 20,393,237 | $ 26,197,676 | $ 34,023,378 | $ 55,458,266 |
| 283 | 376 | 40 | 171 | 110 | 142 |
| 101 | 78 | 132 | 94 | 48 | 118 |
| 285 | 299 | 259 | 230 | 181 | 254 |
| 8,568.64 | 8,209.21 | 7,873.47 | 9,924.64 | 9,308.65 | 8,448.10 |
| 485.52 | 522.26 | 567.16 | 887.25 | 748.39 | 791.91 |
| 38.0 | 41.0 | 19.0 | 25.0 | 22.0 | 32.0 |
| 248.0 | 279.0 | 351.0 | 619.0 | 499.0 | 380.0 |
| 1.2 | 1.3 | 1.0 | 1.2 | 1.2 | 1.1 |
| 7.9 | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 |
| 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |

# TOWN OF NAGS HEAD, NORTH CAROLINA

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

## Last Ten Fiscal Years

| Function/Program | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Police stations | 1 | 1 | 1 | 1 |
| Fire stations | 2 | 2 | 2 | 2 |
| Ocean rescue facilities | 1 | 1 | 1 | 1 |
| Refuse collection | | | | |
| Collection trucks | 15 | 15 | 16 | 16 |
| Other public works | | | | |
| Paved streets (miles) | 34.82 | 34.82 | 34.82 | 34.77 |
| Unpaved streets (miles) | 2.36 | 2.36 | 2.36 | 2.36 |
| Street lights | 427 | 427 | 427 | 427 |
| Parks and recreation | | | | |
| Number of parks | 2 | 2 | 2 | 2 |
| Number of soccer fields | 1 | 1 | 1 | 1 |
| Number of bath houses | 4 | 4 | 4 | 4 |
| Number of piers | | | | |
| Ocean (private) | 2 | 2 | 2 | 2 |
| Ocean (State) | 1 | 1 | 1 | 1 |
| Number of ocean beach accesses | | | | |
| Local (public) | 44 | 44 | 44 | 44 |
| Number of sound accesses (public) | 5 | 5 | 5 | 5 |
| Bike path mileage | 11.0 | 11.0 | 11.0 | 11.0 |
| Water | | | | |
| Plants | 1 | 1 | 1 | 1 |
| Water mains (miles) | 101.30 | 101.64 | 102.02 | 102.15 |
| Fire hydrants | 550 | 550 | 550 | 550 |
| Water storage capacity: | | | | |
| Ground (million gallons) | 1.0 | 1.0 | 1.0 | 1.0 |
| Elevated (million gallons) | 1.0 | 1.0 | 1.0 | 1.0 |

Source: Budget documents and individual Town departments.

**TABLE 16**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 18 | 20 | 17 | 17 | 19 | 20 |
| 34.77 | 34.77 | 34.77 | 34.94 | 34.94 | 35.24 |
| 2.36 | 2.36 | 2.36 | 2.37 | 2.37 | 2.37 |
| 427 | 427 | 427 | 427 | 427 | 595 |
| 2 | 3 | 3 | 3 | 3 | 3 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 44 | 44 | 44 | 44 | 44 | 44 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 11.0 | 11.0 | 15.3 | 15.7 | 15.7 | 15.7 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 102.20 | 102.20 | 102.5 | 103 | 104.0 | 104 |
| 557 | 559 | 553 | 562 | 563 | 542 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1 |

# COMPLIANCE SECTION

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

POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report

To the Honorable Mayor and Board of Commissioners
Nags Head, 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 Nags Head, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Town of Nags Head's basic financial statements, and have issued our report thereon dated November 28, 2023.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Nags Head's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Nags Head's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Nags Head's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings, responses, and questioned costs as item 2023-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Nags Head's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.*

**Town of Nags Head's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Nags Head's responses to the findings identified in our audit that are described in the accompanying schedule of findings, responses, and questioned costs. The Town of Nags Head's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 28, 2023
Monroe, North Carolina

POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report

To the Honorable Mayor and Board of Commissioners
Town of Nags Head, North Carolina

### Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

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

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

### Basis for Opinion on Each Major Federal Program

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

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

### Responsibilities of Management for Compliance

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

**Auditors' Responsibilities for the Audit of Compliance**

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Nags Head's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Town of Nags Head's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Nags Head's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

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

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

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

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

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

*Potter & Company, P.A.*

November 28, 2023
Monroe, North Carolina

POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report

To the Honorable Mayor and Town Council
Town of Nags Head, North Carolina

### Report on Compliance for Each Major State Program

### Opinion on Each Major State Program

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

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

### Basis for Opinion on Each Major State Program

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

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

### Responsibilities of Management for Compliance

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

**Auditors' Responsibilities for the Audit of Compliance**

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Nags Head's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Town of Nags Head's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Nags Head's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

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

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

internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Potter & Company, P.A.*

November 28, 2023
Monroe, North Carolina

**TOWN OF NAGS HEAD, NORTH CAROLINA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**For The Fiscal Year Ended June 30, 2023**

## Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted. _____ yes __X__ no

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards. _____ yes __X__ no

Type of auditors' report issued on compliance for major federal programs: Unmodified, for all federal programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __X__ no

Identification of major federal programs:

| Assistance Listing No. | Names of Federal Programs or Cluster |
|---|---|
| 97.036 | Disaster Grants-Public Assistance |

Dollar threshold used to distinguish between Type A and Type B Programs. $ 750,000

Auditee qualified as low-risk auditee? __X__ yes _____ no

**TOWN OF NAGS HEAD, NORTH CAROLINA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**For The Fiscal Year Ended June 30, 2023**

State Awards

Internal control over major State Programs:

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

Noncompliance material to State awards. _____ yes __X__ no

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

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

Identification of major State programs:

Program Name

Disaster Grants-Public Assistance
Division of Water Resources

**TOWN OF NAGS HEAD, NORTH CAROLINA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**For The Fiscal Year Ended June 30, 2023**

## Section II. Financial Statement Findings

**Significant Deficiency**

**Finding 2023-001**

**Criteria:** Per G.S. 159-8, all money received and expended by a local government should be included in the budget ordinance.

**Condition:** During the fiscal year ended June 30, 2023, there was a violation of the G.S. 159-8 by the Town with regard to expenditures exceeding appropriations in the General Fund.

**Effect:** The Town was in violation of North Carolina State Statutes.

**Cause:** Due to the implementation of GASB 96, IT subscription payments were reclassified to debt service for financial reporting. The IT subscription payments were budgeted under categories other than debt service.

**Recommendation:** Management and the Board should ensure that amounts are reclassified after budgets are approved and/or amended as required by statutes.

**Name of Contact Person:** Amy Miller, Finance Officer

**Views of Responsible Officials and Planned Corrective Actions:** The Town agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

## Section III. Federal Award Findings and Questioned Costs

None reported.

## Section IV. State Award Findings and Questioned Costs

None reported.

**Benjamin Cahoon**
Mayor

**Michael Siers**
Mayor Pro Tem

**Andy Garman**
Town Manager

**Town of Nags Head**
Post Office Box 99
Nags Head, NC 27959
Telephone 252-441-5508
Fax 252-441-0776
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**M. Renée Cahoon**
Commissioner

**Kevin Brinkley**
Commissioner

**Bob Sanders**
Commissioner

**TOWN OF NAGS HEAD, NORTH CAROLINA**
**CORRECTIVE ACTION PLAN**
**For The Fiscal Year Ended June 30, 2023**

## II. Financial Statement Findings

### Significant Deficiency

### Finding 2022-001

**Name of Contact Person:** Amy Miller, Finance Officer

**Corrective Action:** Per N.C.G.S. 159-8, all money received and expended by a local government should be included in the budget ordinance. The Town was in violation of G.S. 159-8 with regard to expenditures exceeding appropriations in the General Fund, due to the implementation of GASB 96. IT subscription payments were reclassified to debt service for financial reporting after June 30, 2023. Departmentally, there were enough funds budgeted to cover the debt service. A budget amendment was not done to record principal payment and other financing sources (IT subscription agreement). Management and the Board will ensure that amounts are properly classified for financial reporting in the original and/or revised budget as required by statutes. In fiscal year 2024, the Board of Commissioners will approve a budget amendment to reclassify fiscal year 2024 IT subscription payments as debt service in accordance with GASB 96. Going forward, the original budget will categorize IT subscription payments as debt service.

**Proposed Completion Date:** Immediately

## III. Federal Award Findings and Questioned Costs

None reported.

## IV. State Award Findings and Questioned Costs

None reported.

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

Finding: 2022-001
Status: Repeat as 2023-001

**Town of Nags Head, North Carolina**
**Schedule of Expenditures of Federal and State Awards**
**For the Year Ended June 30, 2023**

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct and Pass-through) Expenditures | State Expenditures | Local Expenditures |
|---|---|---|---|---|---|
| ***Federal Awards:*** | | | | | |
| U.S Department of Commerce | | | | | |
| Passed through N.C. Department of Environmental Quality: | | | | | |
| Division of Coastal Management | | | | | |
| Minor Permit Program Administration | 11.419 | DEQ-22 | $ 3,685 | $ - | $ - |
| Coastal Management Land Use Planning | 11.419 | DEQ-22 | 25,000 | - | 33,992 |
| N.C. Resilient Coastal Communities Program | 11.473 | DEQ-22 | 45,000 | - | 1,000 |
| Total U.S. Department of Commerce | | | 73,685 | - | 34,992 |
| U.S. Department of Homeland Security | | | | | |
| Direct Programs: | | | | | |
| Assistance to Firefighters Grant | 97.044 | | 67,268 | - | 3,363 |
| Passed through N.C. Department of Public Safety: | | | | | |
| Disaster Grants-Public Assistance | 97.036 | FEMA-4465-DR-NC | 8,767,119 | 2,922,373 | - |
| Hazard Mitigation Grant Program | 97.039 | 4543 | 10,289 | 1,143 | - |
| Total U.S. Department of Homeland Security | | | 8,844,676 | 2,923,516 | 3,363 |
| U.S. Department of Justice | | | | | |
| Direct Program: | | | | | |
| Bulletproof Vest Partnership Program | 16.607 | | 2,504 | - | 2,342 |
| Passed-through N.C. Department of Public Safety: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | GOV-5 | 17,895 | - | - |
| Total U.S. Department of Justice | | | 20,400 | - | 2,342 |
| U.S Department of Treasury | | | | | |
| Direct Program: | | | | | |
| Equitable Sharing Program | 21.016 | | 6,970 | - | - |
| Passed through the N.C. Office of the Governor: | | | | | |
| NC Pandemic Recovery Office: | | | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | GOV-2 | 474,062 | - | 199,688 |
| Total U.S. Department of Treasury | | | 481,032 | - | 199,688 |
| ***State Awards:*** | | | | | |
| N.C. Department of Environmental Quality | | | | | |
| Division of Environmental Assistance and Customer Service | | DEQ-14 | | 10,000 | 5,185 |
| Division of Water Resources | | DEQ-19 | | 1,426,522 | 44,238 |
| Total N.C. Department of Environmental Quality | | | | 1,436,522 | 49,423 |
| N.C. Department of Transportation | | | | | |
| Powell Bill Program | | DOT-4 | | 350,519 | 1,444,619 |
| Total N.C. Department of Transportation | | | | 350,519 | 1,444,619 |
| Total Federal and State awards | | | $ 9,419,793 | $ 4,710,557 | $ 1,734,426 |

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

**Note 1: Basis of Presentation**

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

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

The Town of Nags Head has elected not to use the 10-percent de minimum indirect cost rate as allowed under the Uniform Guidance.

TOWN OF
# NAGS HEAD


nagsheadnc.gov

TownofNagsHead

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TownofNagsHead

company/nagshead

(252) 441-5508

5401 SOUTH CROATAN HIGHWAY, NAGS HEAD, NC 27959

# Agenda Item Summary Sheet

Item No: **H-2**
Meeting Date: **January 3, 2024**

**Item Title**: Presentation of Emergency Operations Plan – Time Specific 11:00 a.m.

**Item Summary**:

At the January 3rd Board of Commissioners meeting, representatives from IParametrics, LLC will be in attendance to present the updated Emergency Operations Plan. This item is time specific for 11:00 a.m.

The Town of Nags Head utilized a $75,000 FEMA Hazard Mitigation Grant (HMGP) to update its Emergency Operations Plan (EOP), and selected the consulting firm of Iparametrics to prepare the plan. Beginning on 08/22/2022, a core planning team, comprising of members from the Town Manager's office, Fire, Police, Public Services, Planning, and Finance Departments, was formed to guide the initiative.

The EOP is a comprehensive document outlining coordinated actions before, during, and after emergencies. It encompasses a framework for town-wide operations, event-specific playbooks offering tactical guidelines, and an Emergency Operations Center Operation Guide, detailing when, how, and why to utilize the EOC based on incident severity and how it should be staffed depending on the circumstances. We believe this updated plan enhances the Town's readiness and response capabilities.

A copy of the Emergency Operations Base Plan is attached, which provides a broad overview of the Town's emergency management structure, functions, and operational picture. Although several other documents were produced as part of this effort, including the incident/hazard specific playbooks and an EOC guide, they are primarily for internal use and are not part of this presentation. Staff would ask for the Board's approval of the attached Emergency Operations Plan.

Number of Attachments: 1

**Specific Action Requested**:

Provided for Board review and consideration.

Submitted By: Randy Wells, Fire Chief Date: December 28, 2023

**Finance Officer Comment**:

No unbudgeted fiscal impact.

Signature: Amy Miller Date: December 28, 2023

**Town Attorney Comment**:

Signature: John Leidy Date: December 28, 2023

**Town Manager Comment and/or Recommendation**:

I will participate in the discussion as necessary.

Signature: Andy Garman Date: December 28, 2023




# Town of Nags Head Emergency Operations Plan

January 3, 2024

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# PROMULGATION

[Insert Promulgation Letter from the Town Commissioners and/or Mayor]

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# Concurrence of Town Departments

The following departmental representatives of the Town of Nags Head concur with the content of the Town of Nags Head Emergency Operations Plan. As needed, revisions will be submitted to the Fire and Ocean Rescue Department. Signed:

| | |
|---|---|
| Ben Cahoon, Mayor | Date Signed |
| Andy Garman, Town Manager | Date Signed |
| Randy Wells, Fire Chief | Date Signed |
| Perry Hale, Police Chief | Date Signed |
| Nancy Carawan, Public Services Director | Date Signed |
| Kelly Wyatt, Planning and Development Director | Date Signed |
| Amy Miller, Finance Director | Date Signed |
| Jan Mielke, Human Resources Officer | Date Signed |
| David Ryan, Town Engineer | Date Signed |
| Karen Snyder, Information Technology Administrator | Date Signed |
| Roberta Thuman, Public Information Officer | Date Signed |

Carolyn Morris, Town Clerk Date Signed

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# DISTRIBUTION

The Fire and Ocean Rescue Department prepares, coordinates, publishes, and distributes the Emergency Operations Plan (EOP) under the direction of the Town Manager. The EOP is distributed to the Town departments, incorporated municipal governments, state and federal agencies, utility companies, and Dare County identified in **Table i-1**. The EOP is also posted on the Town of Nag Head website and is available upon request to other interested external organizations.

**Table i-1. EOP Distribution**

| Town Departments/Offices | Local Organizations | Other Organizations |
|---|---|---|
| Mayor | Dare County Emergency Management | Outer Banks Hospital |
| Town Manager | Dare County Emergency Medical Services | Nags Head Elementary School |
| Town Board of Commissioners | Dare County Health and Human Services | North Carolina Department of Transportation |
| Town Clerk | Dare County Sheriff's Office | National Park Service |
| Fire and Ocean Rescue | Dare County Water Department | North Carolina State Parks |
| Police | Dominion Power | |
| Public Services | Town of Kill Devil Hills | |
| Code Enforcement | Town of Manteo | |
| Finance and Administrative Services | Peak Resources | |
| Human Resources | The Nature Conservancy | |
| Town Engineer | | |
| Planning and Development | | |
| Human Resources | | |
| Public Information | | |
| Town Attorney | | |

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# RECORD OF CHANGES

Each update or change to this EOP is tracked. When updates to the EOP are made, the change number, the date of the change, the name of the person who made the change, and a summary description of the change is documented in **Table i-2**. See **Section 12, Plan Development and Maintenance** for more information on the process for reviewing and revising the plan.

**Table i-2. Record of Changes**

| Change No. | Description | Date Entered | Posted By |
|---|---|---|---|
| 1 | Full review, analysis, and revision | [Date] | [Name] |
| | | | |
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## Appendices

**Appendix A:** Acronyms and Glossary
**Appendix B:** Authorities and References
**Appendix C:** North Carolina Statewide Emergency Management Mutual Aid and Assistance Agreement
**Appendix D:** Memorandum of Agreement between the Town of Nags Head and the Town of Cary (relocation of Nags Head government functions)
**Appendix E:** Emergency Contact Information
**Appendix F:** Map of the Town of Nags Head
**Appendix G:** Map of Dare County
**Appendix H**: Map of the Outer Banks

## Annexes

**Annex A:** Emergency Operations Center Guide
**Annex B:** Scenario- and Function-Specific Playbooks
**Annex C:** OBX Regional Hazard Mitigation Plan

# 1. Introduction

The Town of Nags Head's emergency management program is managed by the Fire Department, with significant support from Town departments. Together, they are committed to preparing the Town and the community to effectively respond to and recover from emergencies – minimizing the loss of lives, damage to property and the environment; and enabling the restoration of continuity of services.

This Town of Nags Head Emergency Operations Plan (EOP) provides an overview of the jurisdiction's approach to emergency operations. It identifies emergency response policies, describes the response and recovery organization, and identifies specific roles and responsibilities for Town departments, external government partners, and community partners.

This plan complies with the National Incident Management System (NIMS), the National Response Framework (NRF), the Incident Command System (ICS), and is in alignment with the Dare County Emergency Operations Plan, and the North Carolina EOP.

## 1.1 Purpose

This EOP is the programmatic and legal document that establishes the Town of Nags Head's emergency management organization providing a basis for the Town's coordinated actions before, during, and after a disaster. The primary purpose of the EOP is to outline the Town's all-hazard, whole community approach to emergency operations to protect the safety, health, and welfare of its citizens.

Additionally, this EOP establishes the foundational policies and procedures that define how the Town will prepare for, respond to, recover from, and mitigate against natural or human-caused disasters. It provides a description of the emergency management organization and how it is activated. Objectives for this EOP include:

- Identify the departments and other organizations designated to perform preparedness, response, recovery, and mitigation activities while specifying their roles and responsibilities.
- Set forth lines of authority and organizational relationships to show how all actions will be directed and/or coordinated.
- Define how the Town coordinates efforts across all levels of government, the private sector, and nonprofit organizations.
- Demonstrate the Town's understanding and adoption of state and federal policies and guidance used to manage emergency operations.

- Specify the coordination and communications procedures and systems that will be relied upon to alert, notify, recall, and dispatch emergency response personnel; warn the public; and protect residents, property, and the environment.
- Identify plans and procedures applicable to the EOP as supporting annexes or appendices.
- Describe how the Town maintains continuity of operations and government during emergencies that disrupt normal operations.
- Describe how the emergency management response organization transitions to achieve post-disaster recovery objectives.

## 1.2 Scope and Applicability

The level of detail and focus of a plan is defined by its scope. The scope of a plan can be broad or narrow in its applicability. The scope of an emergency plan can be defined by various factors including, but not limited to: geographic or jurisdictional boundaries, organizational authorities, roles, and responsibilities, demographics, specific threats, hazards, or functions, and phases of time. Depending on the scope, emergency plans fall within three broad categories: Strategic, Operational, or Tactical. **Table 1-1** below illustrates the relationships of Town plans and how their scopes fit within each level of planning.

**Table 1-1. Levels of Planning**

| | | |
|---|---|---|
| **Strategic Planning** | Sets Policy | • Town of Nags Head Emergency Operations Plan – Base Plan<br>• Town of Nags Head Comprehensive and CAMA Land Use Plan<br>• Outer Banks (OBX) Regional Hazard Mitigation Plan |
| **Operational Planning** | Defines objectives, desired outcomes, and provides direction | • Emergency Operations Center Guide<br>• Incident- and function-specific Playbooks |
| **Tactical Planning** | Executes directives to achieve objectives | • Departmental Emergency Plans[1] |

[1] Departments are responsible for developing and maintaining the necessary tactical plans to assist in executing their department-specific responsibilities during an emergency incident.

| | | |
|---|---|---|
| | | • Standard Operating Procedures (SOP)<br>• Incident Action Plans (IAP) |

This EOP is a strategic plan with some operational elements designed to encompass the capabilities of the Town, the whole community, external partners, and the entire spectrum of hazards and threats addressed in the OBX Regional Hazard Mitigation Plan (HMP).

An EOP (this EOP) is often referred to as the Base Plan, because it has the flexibility to be applicable for any anticipated or unanticipated emergency or planned event which provides the framework necessary to support response to and recovery from these incidents. The EOP is the centerpiece of the Town's emergency planning effort, but it is not meant to define narrowly applicable operational or tactical procedures, and it is not the only plan that addresses emergency management functions. As a framework, it is supported by operational and tactical level plans which are applications of the concepts defined in the EOP. Some of these plans are identified in **Table 1-1**.

### 1.2.1 Phases of Emergency Management

Emergency management activities are often categorized in phases. In the past, the phases were limited to mitigation, preparedness, response, and recovery. However, with increased focus on human-caused disasters, guidance from the National Governor's Association and the National Fire Protection Association adds a fifth phase: prevention.

#### *1.2.1.1 Prevention*

The prevention phase includes activities, tasks, programs, and systems intended to avoid or intervene in order to stop an incident from occurring. Prevention can apply both to human-caused incidents (such as terrorism, vandalism, sabotage, or human error) as well as naturally occurring incidents. Prevention of human-caused incidents can include applying intelligence and other information to a range of activities that includes such countermeasures as:

- Deterrence operations
- Heightened inspections
- Improved surveillance and security operations
- Investigations to determine the nature and source of the threat
- Law enforcement operations directed at deterrence, preemption, interdiction, or disruption

#### *1.2.1.2 Preparedness*

The preparedness phase involves activities that are undertaken in advance of an emergency or disaster. These activities ensure operational capabilities and effective responses to a disaster. Emergency plans are developed and revised to guide disaster response and enhance capabilities. Planning activities include developing hazard analyses, training response personnel, improving public information including communications systems, and exercising and evaluating plans, processes, and capabilities. Preparedness activities fall into two basic areas: readiness and capability.

***Readiness activities*** shape the framework and create the basis of knowledge necessary to complete a task or mission. Readiness activities might include, but are not limited to:

- Implementing hazard mitigation projects
- Developing hazard analyses
- Developing and maintaining emergency plans and procedures
- Conducting general and specialized training
- Conducting drills and exercises
- Developing agreements with other organizations
- Improving emergency public education and emergency warning systems

***Capability activities*** involve the procurement of items or tools necessary to complete tasks or missions. Capability activities include, but are not limited to:

- Assessing the Town and its resources
- Comparing and analyzing anticipated resource requirements against available resources
- Identifying local sources for additional resources
- Purchasing new response systems, vehicles, personal protective equipment, etc.
- Establishing stand-by emergency contracts to expand capabilities.

#### *1.2.1.3 Response*

The Response Phase includes the activities that occur immediately before, during, and after the impacts of a disaster are observed. The Response Phase is typically divided into three sub-phases. Each phase has distinct considerations, which seldom flow sequentially, often occurring simultaneously. These phases are: increased readiness, initial response, and extended response. The Response Phase focuses on saving lives, reducing the severity of impacts to public health, the economy, and the environment. Additional operational details for the Response Phase are discussed in **Section 4, Concept of Operations**.

#### *1.2.1.4 Recovery*

Recovery activities involve the restoration of services to the public and returning the affected area(s) to pre-emergency conditions. Recovery activities may be short term, intermediate, and long term. These activities range from restoration of essential utilities, such as water and power, to mitigation measures designed to prevent future occurrences of a given threat. **Section 11, Recovery Operations** provides the recovery framework for the Town of Nags Head.

#### *1.2.1.5 Mitigation*

Mitigation efforts occur both before and after emergencies or disasters. Post-disaster mitigation is actually part of the recovery process. This includes eliminating or reducing the impact of hazards that exist within the Town. Details on the Town's mitigation activities (particularly post-disaster) are included in **Annex C, OBX Regional HMP**. Mitigation efforts include, but are not limited to:

- Amending local ordinances and statutes, such as zoning ordinances, building codes, and other enforcement codes
- Initiating structural retrofitting measures
- Assessing tax levies or abatements
- Emphasizing public education and awareness
- Assessing and altering land use plans and/or codes
- Beach renourishment and dune reinforcement

## 1.3 Intended Audience

The Town's emergency management program serves the entire community. Since this EOP defines the programmatic framework of the Town's emergency management program, it is intended to be read and understood by the whole community. It is the intent of the Town to socialize the concepts defined in this EOP across the whole community with the goal of achieving a common purpose of preparedness and when a disaster occurs, responding with a united communitywide effort.

The primary audience of this EOP are the Town departments, elected Town officials, and representatives of private businesses and nongovernmental organizations (NGOs) that may staff positions in the Town of Nags Head Emergency Operations Center (EOC) or who provide support in the Town's prevention, preparedness, response, recovery, and mitigation efforts. This EOP is also a reference for other municipal governments in Dare County and State and Federal government agencies that may provide assistance.

## 1.4 Emergency Management Priorities

The following overarching operational priorities govern resource allocation and the response strategy for the Town of Nags Head during an emergency or disaster:

1. **Save Lives** – The preservation of life is the top priority of emergency managers and first responders and takes precedence over all other considerations.
2. **Protect Health and Safety** – Measures should be taken to mitigate the emergency's impact on public health and safety.
3. **Protect Property** – All feasible efforts must be made to protect public, private property, and resources, including critical infrastructure, from damage during and after a
4. **Preserve the Environment** – All possible efforts must be made to preserve the environment and protect it from damage during an emergency.

**Commitment to serving vulnerable populations** - Aligned with each of these priorities, the Town acknowledges that people with disabilities and others with access and functional needs in the community have unique vulnerabilities that often lead to disproportionate impacts during disaster response and recovery. Protecting these populations and meeting their needs is a high priority of the Town prior to, during, and after a disaster or emergency incident. It is a goal of all Town departments to actively look for opportunities to enhance communication with vulnerable communities.

## 1.5 Planning Assumptions

For planning purposes, The Town of Nags Head makes the following assumptions:

- The Town will commit ~~all~~ available resources to save lives, minimize injury to persons, and minimize damage to property and the environment.
- Emergencies may result in casualties, fatalities, and may displace people from their homes.
- An emergency can result in property loss, interruption of essential public services, damage to basic infrastructure, and significant harm to the environment.
- Emergency management activities are accomplished using NIMS and coordinated from a centralized Emergency Operations Center (EOC) during complex incidents.
- Local authorities maintain operational control and responsibility for emergency management activities within their jurisdiction, unless otherwise superseded by statute or agreement.
- The greater the complexity, impact, and geographic scope of an emergency, the more multiagency coordination will be required.

- The Town Manager, as the Director of Emergency Services, will coordinate the Town's disaster response in compliance with Town municipal Code cited in **Appendix B: Authorities and References**.
- Mutual aid assistance is requested when disaster relief requirements exceed the Town's ability to meet them.
- Mutual aid assistance is provided when requested if resources are available, but may take 72 hours or longer to arrive.
- Individuals, community-based organizations, and businesses will offer services and support in time of disaster.
- People with disabilities, access and functional needs, and other vulnerable populations may require unique resources and approaches to meet their needs during a disaster.

# 2. Situation Overview

Understanding the "situation," is an essential, early step in developing an effective emergency plan. The situation is framed by the assessment of the Town's risk, vulnerabilities, and capabilities. The situation also includes details on the Town's climate, geography, economic activity, critical infrastructure, and community demographics. A complete understanding of the situation enables the Town to determine which capabilities are necessary to effectively response and recover.

**Annex G – Town of Nags Head**, of the **OBX Regional HMP**, includes a detailed and historical analysis of these elements, including hazard maps, historical occurrences, and relevant supporting data, providing a comprehensive description of the Town's situation. The sections below provide a profile of the Town of Nags Head and descriptions of each hazard.

## 2.1 Town of Nags Head Profile

Nags Head is an incorporated municipality and a barrier island community located in northern Dare County. It is neighbored by Kill Devil Hills to the north and unincorporated Dare County to the south. Route 64 and the Melvin R. Daniels Bridge run from Roanoke Island to Nags Head, making the town one of the few entry points from the mainland to the Outer Banks barrier islands. The Town comprises a total land area of 6.59 square miles. **Appendix E, Map of the Town of Nags Head** illustrates the Town's location. A detailed description of the Town of Nags Head boundary is codified under Town ordinance, in Part I, Section 2 – Boundaries and Corporate Limits.

## 2.2 Hazard Assessment

For each threat and hazard, a profile has been established describing the threat or hazard in general, as well as details specific to Nags Head, when available. High risk hazard profiles are described in detail in **Annex C, OBX Regional HMP** and discuss the following topics: hazard description, strength/magnitude, past occurrences, location, frequency/ probability of future occurrence, and future condition considerations.

A brief description of each threat and hazard is provided below in alphabetical order; the order does not signify the level of risk to the Town. Additionally, playbooks for high-risk threats and hazards are found in **Annex B, Scenario- and Function-Specific Playbooks**.

### 2.2.1 Active Shooter

An "active shooter," is an individual actively engaged in killing or attempting to kill people in a confined and populated area; in most cases, active shooters use firearms(s) and there

is no pattern or method to their selection of victims or the locations where they can occur.[2] Active shooter situations are unpredictable and evolve quickly. Typically, the immediate deployment of law enforcement is required to stop the shooting and mitigate harm to victims.

Because active shooter situations are often over within 10 to 15 minutes, prior to law enforcement arriving on scene, individuals must be prepared both mentally and physically to deal with an active shooter situation.

### 2.2.2 Civil Disturbance

Civil disturbance, is described as "any incident intended to disrupt community affairs and threaten public safety." Civil disturbance is a result of civil unrest, when individuals or groups within the general population feel they are being discriminated against or that their rights are not being upheld. Triggers can include racial tension, immigration control, unpopular political decisions, loss of essential services or supplies, and natural disasters. Civil disturbance spans a variety of actions including strikes, demonstrations, riots, and rebellion.

Civil disturbance can be divided into the following three categories:

- Peaceful, non-obstructive demonstrations (low severity).
- Non-violent, disruptive demonstrations (moderately severe).
- Violent, disruptive demonstrations (severe).

In general, a low-severity disturbance such as a strike will cause little concern and little to no involvement from law enforcement. A moderately severe civil disturbance—such as a protest that disrupts nearby businesses and possibly causes some property damage—will require law enforcement intervention to restore order without using chemical agents or physical force. A severe civil disturbance—such as rioting, arson, looting, and assault—will require aggressive police action, including tear gas, curfews, and mass arrests. Severe civil disturbances may result in deaths, injuries, and property damage of varying degrees.

### 2.2.3 Communicable Disease Outbreak (Pandemic)

Communicable diseases are caused by pathogenic organisms, which can be a virus, bacteria, fungi, or parasites. Disease can affect any living organism, including people, animals, and plants which spread directly (through infection) and indirectly (through secondary effects). Some diseases can directly affect both people and animals. The major

[2] US DHS. Active Shooter: How to Respond. https://www.dhs.gov/xlibrary/assets/active_shooter_booklet.pdf, October 2008

concern with respect to disease in humans is the evolution of an epidemic or pandemic resulting from a disease that is virulent (severe), with a high morbidity (sickness/symptoms) rate combined with a high mortality (death) rate. Communicable diseases can also be released intentionally as a weapon of terror.

Pandemic viruses are different from seasonal outbreaks of influenza that are caused by subtypes of influenza viruses that already circulate among people. Viral outbreaks are usually caused by entirely new (novel) subtypes to which the population has no immunity because the subtype has either never circulated among people or has not circulated for a long time.

In 1918, the world experienced a severe influenza pandemic, the Spanish Flu. Worldwide fatalities were estimated to be between 20 and 50 million. Here in the United States deaths were estimated to be near 700,000.[3]

In April 2009, a novel strain of the influenza virus called swine flu (or H1N1) emerged. The virus was first detected in the United States and spread around the world. It spread in much the same way that seasonal influenza viruses spread. From April 12, 2009 to April 10, 2010, the Centers for Disease Control and Prevention (CDC) estimated there were 60.8 million cases, 274,304 hospitalizations, and 12,469 deaths in the United States due to the H1N1 virus.[4]

In January 2020, a novel strain of coronavirus called SARS-CoV-2 or COVID-19 emerged. The virus originated from China and eventually made its way to the United States. The virus is highly contagious – more contagious than the seasonal flu or the 2009 H1N1 influenza virus. Several unique aspects of COVID-19 made limiting the spread of the virus more difficult. Some of these include: a longer incubation period (time before symptoms appear), asymptomatic infected individuals unknowingly spreading the virus, and longer durations of being contagious.[5] As of May 2023, the CDC estimates more than 1.1 million deaths in the United States due to the COVID-19 virus.[6] The response to COVID-19 caused governments and businesses to employ extreme mitigation measures to limit in-person social interaction. Many businesses, government offices, schools, places of worship, and social events shutdown, either temporarily or permanently. Many people began conducting business and socializing virtually. The economy was severely impacted with several people losing their jobs and required significant government assistance. As of the date of this plan, the United States is still feeling the impacts of these measures and the

[3] http://1918.pandemicflu.gov/the_pandemic/index.htm

[4] https://www.cdc.gov/flu/pandemic-resources/2009-h1n1-pandemic.html

[5] https://www.cdc.gov/flu/symptoms/flu-vs-covid19.htm

[6] https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases

virus itself. It may take several years to understand the full impacts of COVID-19 and to learn the critical lessons to enhance preparedness and response to future pandemics.

### 2.2.4 Cyber-attack

Cyber-attacks can disrupt vital government services and prevent access to vital records. Nation-states, criminal organizations, terrorists, and other malicious actors conduct attacks against critical cyber infrastructure on an ongoing basis. Denial of service (DoS) and ransomware attacks on government agencies have increased in recent years. Cybercriminals attack vulnerabilities in cyber-infrastructure which includes electronic information and communications systems, and the information contained in those systems. Computer systems, control systems such as Supervisory Control and Data Acquisition (SCADA) systems, and networks such as the Internet are all part of cyber infrastructure.

### 2.2.5 Earthquake

Earthquakes are caused by the movement of large pieces of the earth's crust, called tectonic plates. As the tectonic plates move against each other, they can become stuck together, causing stress between plates to build up until it eventually overcomes the friction holding them together. When this happens, the stress is released and the plates suddenly slip past each other, creating the shaking called an earthquake.

While minimal seismic activity does occur in western North Carolina, parts of Virginia and South Carolina, Nags Head faces minimal risk of earthquake generated impacts due to its location in the eastern part of North Carolina away from these seismic zones.

### 2.2.6 Flooding

Flooding is the accumulation of water where usually none occurs or the overflow of excess water from a stream, river, lake, reservoir, or coastal body of water onto adjacent floodplains.

In addition to severe tropical weather, less intense rainfall events have caused flooding in several areas of the Town. Identified areas include:

- The northern portion of Vista Colony subdivision.
- A small section in North Ridge near Buccaneer Drive.
- An area around Northport Lane and Lookout Road.
- An area near the Latter Day Saints Church also in the North Ridge Subdivision.
- The southeast corner of the Nags Head Acres subdivision.

- The area between Driftwood Street and Bonnett Street and along Wrightsville Avenue.
- Subdivisions including Old Nags Head Place, Dolphin Run, and Seven Sisters.
- Several locations along NC 12 and NC 1243. These two roads have seen an increase in flooding due to development growth and the increasing practice of filling of residential lots, which tends to displace water onto Town roadways during storm events.

The topography and development patterns in the Town result in vulnerability to flood damages from heavy rainfall events. The natural topography of the barrier island creates a low-lying "trough" between the maritime forest zone west of US 158, the primary beach, and foredunes in the vicinity of NC 12. In general, the maritime ridge serves as the breakpoint for overland surface runoff and subsurface groundwater flow between the Atlantic Ocean and the Roanoke Sound. Most of the developed properties exist east of the maritime ridge and are concentrated in the lower lying areas between the beach and maritime forest zones. Runoff tends to accumulate in the lower elevations of developed areas, creating a bowl like effect which leads to localized flooding by way of elevated groundwater conditions, surface runoff, or a combination of the two. Additionally, there is an increase in chronic flooding resulting from an increase in occurrences of "extreme" rainfall events.

The Town's stormwater drainage system is ~~very~~ limited and relies heavily on five ocean outfalls maintained by the North Carolina Department of Transportation (NCDOT). These outfalls are undersized for the Town's needs.

Flooding poses numerous risks to critical facilities and infrastructure. Risks, harm, or losses that are likely to result from exposure to flooding include:

- Roads that are blocked or damaged can prevent access throughout the area and can isolate residents and emergency service providers needing to reach vulnerable populations or to make repairs.
- Sections of causeway and/or bridges washed out or blocked by floods or debris from floods can cause isolation.
- Floodwaters can back up drainage systems, causing localized flooding.
- Floodwaters can get into drinking water supplies, causing contamination.
- Sewer systems can back up, causing waste to spill into homes, neighborhoods, and bodies of water.
- Underground utilities can be damaged.

### 2.2.7 Hurricane/Tropical Weather

Hurricanes and tropical storms are formed from tropical low-pressure systems that intensify and produce high winds, waves, rain, and flooding. Typically, they have a well-defined center of circulation and counterclockwise winds in the northern hemisphere. These low-pressure systems become tropical storms when their sustained winds reach 39 mph. They become hurricanes when their sustained winds reach 74 mph. Hurricanes and severe tropical storms represent serious threats to life and property on the North Carolina coast. Hurricanes can create a storm surge not only in the Atlantic Ocean but also in estuarine waters causing flooding along the sound shoreline. Much of land along the estuarine shoreline is low in elevation and can and does flood frequently. In reviewing several recent storms and other rain events, the Town has identified the following areas as particularly troublesome. Additional Town resources (people and equipment) are needed and allocated to these areas before, during, and after a storm event.

There have been a number of storms since 1950 that have affected North Carolina, Dare County and Nags Head. Recent notable hurricanes have included Gloria, 1985; Charlie, 1986; Bob, 1991; Emily, 1993; Arthur and Fran, 1996; Bonnie 1998; Dennis and Floyd, 1999; Isabel in 2003, Alex in 2004, Irene in 2011, Arthur in 2014, Matthew in 2016, and Dorian in 2019. Many of the above named storms resulted in both wind and flood damage and evacuation orders for Dare County. While there have been other storms that have affected the area, the above are the most noteworthy.

### 2.2.8 Public Safety Power Shutoff

Although a Public Safety Power Shutoff (PSPS) is technically not a threat or a hazard, it is included in this section because the initiation of a PSPS can have similar impacts to a community as an emergency that causes a power outage in the Town. There are three types of electrical power outages: planned for maintenance, unplanned, and preemptive - PSPS. A PSPS could include rotating outages due to transmission grid emergencies, the risk of causing wildfires, existing wildfires that could damage facilities or present a hazard to firefighters, or other circumstances where electrical lines are de-energized for public safety (i.e., severe weather).

A PSPS can leave communities and essential facilities without power, which brings its own risks and hardships. Shutoffs may last as long as six days. It is key to keep community members informed and to connect with those who depend on power for certain medical and independent living needs both before and during de-energization events.

### 2.2.9 Wildfire

A wildfire is an uncontrolled fire spreading through vegetative fuels. Wildfires can be caused by human activities (such as arson or campfires) or by natural events (such as

lightning). Wildfires often occur in forests or other areas with ample vegetation. In areas where structures and other human development meets or intermingles with wildland or vegetative fuels—which are referred to as the wildland urban interface (WUI) —wildfires can cause significant property damage and present extreme threats to public health and safety.

Wildfire danger is a threat across fuel-rich areas. High fuel areas, along with geographical and topographical features, create the potential for both natural- and human-caused fires that can result in loss of life and property damage. These factors, combined with natural weather conditions common to the area including significant winds, can result in fires. Any fire, once ignited, has the potential to quickly become large and out of control.

Wildfire risk is highest in northern Nags Head within Nags Head Woods and along the sound toward Cedar Island and Pond Island. Northern Nags Head and Cedar Island also contain low to moderate burn probability and coincide with areas in the WUI.

Residential development of single-family homes now borders the entire eastern edge of Nags Head Woods. There are more than 50 other homes within the forest itself. Most of these homes are constructed from wood, and many are immediately adjacent to the forest vegetation. Additionally, there is no fire break between these homes and the forest. This urban/forest interface is a significant concern for local fire departments and The Nature Conservancy.

Wildfire poses numerous risks to critical facilities and infrastructure. Risks, harm, or losses that are likely to result from exposure to wildfire include:

- Casualties (fatalities and injuries).
- Utility outages.
- Economic losses for repair and replacement of critical facilities, roads, buildings, etc.
- Indirect economic losses, such as income lost during the downtime that results from damage to private property or public infrastructure.
- Loss of natural and cultural resources.
- Smoke and air pollution.
- Creation of more favorable conditions for other hazards such as flooding and erosion.

### 2.2.10 Winter and Extratropical Storms

In addition to hurricanes, Nags Head is subject winter and other unnamed extratropical storms. These storms are often more complex and less predictable than tropical storms. Low pressure systems moving across the United States often strengthen once offshore, creating intense winds and rainfall and the potential for flooding. This strengthening occurs more often in wintertime when there is a temperature gradient between air over a cold landmass and the warm waters of the Gulf Stream. Perhaps the most notable event of this type was the Ash Wednesday Storm in March 1962. This storm, while not a hurricane, caused millions of dollars in damage not only to Nags Head but too much of the eastern seaboard. Another notable storm was an extratropical storm, the "storm of century", which occurred in March 1993. This storm originated in Florida, traveled inland through North Carolina, and produced a storm surge that flooded estuarine areas of the Town with up to eight feet of water. Very little wind damage was associated with this storm. These storms can also often cause substantial beach erosion and oceanfront property damage.

Additionally, the Town is subject to snow and ice storms. The last ice storm the Town experienced was in 1996. This storm produced minimal damage. A severe winter storm occurred in 2003 with eight+ inches of snow accumulation in Town and ice on roadways for several days. The majority of damage was limited to frozen pipes. However, there was one residential structure fire where a residence was totally destroyed that was directly related to this winter storm.

## 2.3 Capability Assessment

The Town's capability assessment, found in **Annex C, OBX Regional HMP**, identifies and evaluates the legal and regulatory, human and technical, and financial resources available to accomplish mitigation. The assessment illustrates the capabilities that currently exist, which helps to assess and prioritize potential mitigation actions. Mitigation actions enhance a community's resiliency, but the actions need to be grounded in something achievable with existing capabilities. The assessment also identifies gaps in capabilities and resources and provides an opportunity to determine how capabilities can be improved and expanded. Indicated in **Annex C, OBX Regional HMP**, Nags Head has an overall capability rating of High.

# 3. Program Administration

An effective municipal government emergency management program requires the participation of each Town employee and the support of the community. This section describes the Town of Nags Head's approach to administering its emergency management program. Specifically, this section describes the program's leadership, state and federal guidelines, and the whole community approach to emergency management.

## 3.1 Program Roles and Responsibilities

The Town's emergency management program relies on the collective leadership and participation of each Town department and the Town's elected officials. Responsibilities for administering the program are described below.

### 3.1.1 Town Mayor

The Town Mayor is granted specific emergency management authorities in Chapter 14 of the Town's municipal code (see **Appendix B, Authorities and Regulations**). In addition to those authorities, the Town Mayor:

- Supports the Town Manager in managing Town resources during an emergency through policy solutions and external collaboration.
- Participates with other senior leaders and key personnel within Dare County in collaborative discussions to ensure public health and safety within the Town and across Dare County.
- Approves and executes Local Emergency declarations.
- Commits Town personnel, facilities, and equipment resources in support of emergency/disaster response operations.
- Informs the Town Manager of the details of senior leader decisions and authorizes actions in support of emergency/disaster operations within the Town or in support of other jurisdictions, when requested.
- Assesses the needs of the Town and shares related information with other senior leaders.

### 3.1.2 Town Manager

As the Town's chief executive officer, the Town Manager is responsible for ensuring the Town has an effective emergency management program. During an emergency, the Town Manager:

- Serves as the Emergency Management Director.
- Coordinates the acquisition of assistance from other government agencies and from the private-sector.
- Provides direction to Town departments in emergency management activities.
- Ensures appropriate information is provided to the public and response partners.
- Serves as the EOC Director when the EOC is activated.

### 3.1.3 Emergency Management Coordinator

The Town Manager designates an Emergency Management Coordinator to oversee the day-to-day responsibilities associated with the Town's emergency management program. Under direction from the Town Manager, the role of the Emergency Management Coordinator, is performed by the Town's Fire Chief, with significant support from each Town department and agency. Responsibilities of the Emergency Management Coordinator include:

- Advising the Town Manager as well as elected and appointed officials during all phases of emergency management.
- Conducting response operations in accordance with the NIMS.
- Coordinating the development of plans, and working cooperatively with other local agencies, community organizations, private sector businesses, and NGOs.
- Developing and maintaining mutual aid and assistance agreements.
- Advising and informing local officials and the public about emergency preparedness guidance.
- Developing and executing accessible public awareness and education programs.
- Conducting exercises to rehearse response activities; test personnel, plans and systems; and identify areas for improvement.

- Coordinating integration of the whole community into emergency planning and response including, but not limited to, individuals with disabilities, individuals from racially and ethnically diverse backgrounds, and others with access and functional needs.
- Helping to ensure the continuation of essential services and functions through the development and implementation of continuity of operations plans (COOP).

### 3.1.4 Town Departments

Town department heads and/or designees collaborate with the Emergency Management Coordinator during the development of this EOP and supporting emergency plans and providing key response resources. Participation of each department/agency in the planning process helps to ensure that function-specific capabilities are integrated into a comprehensive, executable, and scalable plan to safeguard the community. The department heads and/or designees and their staff develop, plan, and train on internal policies and procedures to meet response needs safely, and they participate in training and exercises to develop and maintain necessary capabilities.

In addition to their normal day-to-day functions and specific departmental emergency / disaster operational tasks, the following responsibilities are common to all Town departments:

- Prepare to perform primary functions for emergency/disaster operations that may impact the Town, including periods of planning, increased readiness, response, and recovery.
- Prepare appropriate emergency plans, Standard Operating Procedures, and/or Guidelines ( SOP's & SOG's) to address emergency/disaster situations.
- Conduct regular internal reviews of assigned tasks.
- Establish procedures to assess and report emergency conditions (i.e., injuries, loss of life, and damages to facilities, properties and equipment).
- Develop department-specific public information materials for distribution to the public in emergency/disaster situations.
- Communicate emergency/disaster responsibilities to employees to ensure their readiness to respond to emergency/disaster situations.
- Prepare to work in non-traditional roles, when needed.

## 3.2 National Response Framework

The National Response Framework (NRF) is a guide to how all levels of government respond to all types of disasters and emergencies. The NRF is built on scalable, flexible, and adaptable concepts identified in NIMS to align key roles and responsibilities across the Nation. The NRF describes specific authorities and best practices for managing incidents that range from serious but purely local to those that are catastrophic and national in scope.

### 3.2.1 National Incident Management System

NIMS provides a comprehensive approach to emergency management for all hazards. NIMS integrates existing best practices into a consistent, nationwide approach to domestic emergency management applicable to all jurisdictional levels (public and private) and across functional disciplines. NIMS incorporates ICS, a standardized on-scene emergency management concept designed to provide an integrated organizational structure for single or multiple emergencies, and to enable emergency response across jurisdictional boundaries.

The Town of Nags Head's emergency management program complies with Federal and State guidance to use NIMS. The Town's support for NIMS was formally codified by resolution in 2005. Each system is described in detail below.

### 3.2.2 Incident Command System

The Town of Nags Head responds to disasters using ICS, which is a primary component of NIMS. This standardized incident management concept allows responders to adopt an integrated organizational structure equal to the complexity and demands of any single incident or multiple incidents without being hindered by jurisdictional boundaries.

ICS is based on a flexible, scalable response organization. This organization provides a common framework within which people can work together effectively. Because response personnel may be drawn from multiple agencies that do not routinely work together, ICS is designed to establish standard response and operational procedures. Using ICS reduces the potential for miscommunication during incident response.

The concepts of ICS are applied at each level of response. Each level is described below.

#### *3.2.2.1 Field*

The field-level is where emergency response personnel and resources, under the command of responsible officials, carry out tactical decisions and activities in direct response to an incident or threat. In a major emergency, the Town of Nags Head's EOC may

be activated to coordinate and support the overall response while field responders use ICS. The Incident Commander will initially be the most senior officer of the first responding agency. Responding agencies will determine the most appropriate agency and officer to assume Incident Command. Field coordination occurs under the leadership of the Incident Commander at an Incident Command Post (ICP).

Incident Commanders will report directly to the EOC, usually to their departmental counterpart. When the EOC is directly overseeing Incident Command teams, the EOC is operating in a centralized coordination and direction mode.

Unified Command is an application of NIMS/ICS and may be established at the field response level when more than one agency has jurisdictional authority or when incidents cross-jurisdictional boundaries. Agencies work together through the designated members of the Unified Command to establish their designated Incident Commanders at a single ICP. In the Unified Command, entities develop a common set of objectives and strategies which provides the basis for a unified IAP.

#### *3.2.2.2 Municipality*

Municipalities are local governments which include incorporated cities, towns, and villages, and designated special districts. The Town of Nags Head is a local municipality. Local municipalities manage and coordinate the overall emergency response and recovery activities within their jurisdiction and statutory authorities.

#### *3.2.2.3 County*

A County is a local government and an intermediate level of the State's emergency management organization; it encompasses all unincorporated areas within a county's boundaries and all local municipalities within the county. The Town of Nags Head falls within Dare County. The County facilitates and/or coordinates information sharing, resource requests, and other support for local municipalities in the County. The County serves as the coordination and communication link between local municipalities and the State.

#### *3.2.2.4 State*

The State level prioritizes tasks and coordinates State resources in response to requests from counties; it coordinates mutual aid and assistance among the counties. The State level also serves as the coordination and communication link between the State and the Federal emergency response system. The State level requests assistance from other state governments through the Emergency Management Assistance Compact and similar interstate compacts/agreements; it coordinates with the Federal Emergency Management

Agency (FEMA) when Federal assistance is requested. The State of North Carolina operates out of the NC EOC.

#### *3.2.2.5 Federal*

When an incident occurs that exceeds or is anticipated to exceed local, state, tribal, territorial, or insular area resources or when an incident is managed by federal departments or agencies acting under their own authorities, the Federal Government may use the management structures described within the NRF. Additionally, the Federal Government may use supplementary or complementary plans to involve all necessary department and agency resources to organize the federal response and ensure coordination among all response partners.

Different federal departments and agencies may play significant roles in response activities, depending on the nature and size of an incident. Many of the arrangements by which departments and agencies participate are defined in the ESF annexes coordinated through pre-scripted mission assignments in a Stafford Act response, formalized in interagency agreements, or described in supplementary plans.

When the Federal Government provides assistance to a State or Region, it may establish a Joint Field Office to support communication, coordination, and collaboration.

## 3.3 Emergency Declarations

Nags Head Municipal Code, Section 14 empowers the Mayor to declare a State of Emergency and to request the Governor to declare a State of Emergency. A Local Emergency should be declared if there is extreme peril to the safety of persons and property within the Town or when the Town is overwhelmed and unable to abate an existing or potential emergency and requires resources from other unaffected political subdivisions and jurisdictions.

All prohibitions or restrictions issued under the State of Emergency Declaration, shall be proclaimed in writing and signed by the Town Mayor. The Town Mayor shall take reasonable steps to give notice of the terms of the proclamation to those affected by it and shall post a copy of it in the town hall and can post it to the Town's website. Text of any proclamation shall be retained and certified copies shall be furnished upon request. Additionally, the State of Emergency declaration and all associated proclamations should be submitted to Dare County EM through WebEOC.

### 3.3.1 Purpose

The purpose[7] of a municipal emergency declaration is as follows:

- Enables the Town to request and receive assistance from other agencies and from the State.
- Promulgate orders and regulations necessary to provide for protection of life and property including the undertaking of extraordinary police powers.
- Authorizes the issuance of orders and regulations to protect life and property (e.g., curfews).
- Activates pre-established local emergency provisions such as special purchasing and contracting.
- Serves as a prerequisite for requesting a Governor's Declaration of a State of Emergency and/or a Presidential Declaration of a Major Disaster.
- In the absence of a Presidentially-proclaimed State of War Emergency or State of Emergency, enables the Town to recover from the State the cost of extraordinary services or costs incurred in executing mutual aid agreements.

### 3.3.2 Notification

When issuing an emergency declaration, the following notifications should be made:

- The Town will notify Dare County and provide a copy of the local emergency declaration as soon as possible.
- Dare County should notify the North Carolina Department of Emergency Management (NCDEM) and provide a copy of the proclamation as soon as possible.
- Dare County is the primary contact between NCDEM and the Town of Nags Head for updates or on any requests for assistance.
- NCDEM responds in writing to the Town of Nags Head concerning the status of any requests for assistance included within the local proclamation or accompanying letter.

## 3.4 Whole Community Approach

The Town Nags Head understands the importance of engaging the whole community in each phase of its emergency management program. For this EOP and supporting plans

[7] N.C.G.S. § 166A-19.22. Municipal or county declaration of state of emergency.

and procedures to guide successful response and recovery outcomes, they need to reflect the diversity of the Town's entire community. This diversity is represented by individual and organizational capabilities, by the way individuals perceive and respond to threats or hazards, and by the diversity of impacts individuals and organizations may experience following a disaster.

Understanding the whole community requires continued active engagement with all members of the community with the goal of establishing a common purpose and enhancing individual, organizational, and overall community resilience. The Town of Nags Head employs several approaches to engaging the whole community. Some of the key strategies are described in the section below.

### 3.4.1 People with Disabilities and Other with Access and Functional Needs

People with disabilities require additional planning and support to ensure they receive equal access and services as required under the Stafford Act as well as other state and federal legislation such as the Americans with Disabilities Act (ADA). Covered disabilities are not always apparent and may include impairments of mobility, vision, and hearing as well as some cognitive disorders and mental illnesses.

The Town has a diverse population which includes a wide variety of people with disabilities. To meet the needs of these individuals, the Town is committed to supporting efforts and activities designed to improve and develop capabilities in support of people with disabilities, including but not limited to:

- Notification and warning procedures (ex. non-verbal communications for the deaf and hard of hearing community).
- Evacuation, transportation, and sheltering considerations (ex. use of appropriate vehicles and transportation for those with mobility issues or special equipment).
- Accommodations for service animals (ex. shelter or mass care settings when safety of others can be developed).
- Accessibility to information (ex. use of existing community and social networks to extend communications beyond social and traditional media systems).

The Town requires vendors and third party vendors providing services in an emergency to comply with Title II of the ADA. In addition, the Town looks to integrate people with disabilities and their advocates directly into preparedness activities.

In addition to people with disabilities, the Town recognizes that supplementary or adjusted support may also be needed to support those persons with access and functional needs.

Access and functional needs are not necessarily related to a specific condition, diagnosis, or impairment and are based upon functional areas such as:

- Maintaining independence
- Effective communication
- Transportation
- Supervision
- Medical care

Individuals with access and functional needs may not have access to support networks outside of their immediate communities or be able to self-evacuate. As a result, they may have additional needs before, during, and after an incident. Those with functional needs often include children, the elderly, tourists, and other segments of the population, including:

- People with disabilities
- People living in institutionalized settings
- People from diverse cultures
- People with limited English proficiency
- People without transportation
- People who are economically disadvantaged

The PIO, care providers, and other community representatives work together to convey information in multiple formats through multiple avenues, identify impacts and needs, and identify specific courses of action to care for these vulnerable communities.

The Town has identified and continues to identify individuals in the community who have special needs and those that are more vulnerable to incidents with specific impacts, such as incidents that cause extended power outages or require evacuation.

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# 4. Concept of Operations

The Concept of Operations describes how the Town's emergency response organization accomplishes its mission. It includes roles and responsibilities, the organizational element of the overall emergency management program, a brief discussion of the EOC activation levels, and a description of control, direction, and intra- and interagency coordination.

## 4.1 Emergency Management Organization

The Town's emergency management organization consists of representatives from each department, executing their functional roles in response to an emergency incident. However, upon the activation of the Town's EOC, these departments send representatives to fill coordination and support roles that may or may not fall outside the representative's typical day-to-day functional roles. Departmental emergency management responsibilities are provided in **Section 4.2** and the Town's EOC Organizational Structure is described in **Section 4.1.2**.

### 4.1.1 Emergency Operations Center

The Nags Head EOC is a location from which centralized emergency management can be performed. The use of an EOC to manage and coordinate is a standard practice in emergency management. However, while it is preferred that key EOC positions operate from within the EOC, this might not be feasible, due to staff availability, EOC accessibility, or when remote work is ordered or encouraged.

The primary Nags Head EOC is at Town Hall, located **5401 S. Croatan Hwy. Nags Head, NC 27959**. The alternate Nags Head EOC is located at the Public Services Administration building on Lark Avenue.

If the primary EOC is unsafe or inaccessible, activities typically coordinated and managed from the primary EOC will be moved to the alternate EOC or another location. In addition to the Public Services Administration building, other locations have been identified capable of hosting an alternate EOC. Selecting the location of the alternate EOC will be determined based on the geographical scope of the existing threat/hazard and the current conditions and capabilities of those locations. Mobile radios, phones, and lap-top computers will permit re-location of the EOC to any appropriate location as circumstances dictate. Additionally, greater reliance on Town departments to coordinate activities from their locations or virtually may be required.

The Town has an activate Memorandum of Understanding with the Town of Cary to support relocation of Town administration, including its EOC. However, variables of the

incident may require the co-location of Town EOC staff with Dare County EOC staff at another location.

### 4.1.2 EOC Organizational Structure

The Town of Nags Head's EOC organizational structure reflects the application of ICS to the coordination and support role of the EOC. The structure is designed to provide flexibility based on the nature of incident impacts and community needs and staffing capabilities. The organizational structure adheres to ICS principles of:

- Modular organization, adapting in size and scope based on the complexity of the incident.
- Span of control (ensuring that the number of individuals or resources that one supervisor can effectively manage).
- Unity of command (reporting to and receiving assignments from only one supervisor).
- Integrates management functions (Management, Operations, Planning, Logistics, and Finance and Administration) into a NIMS-compliant departmental structure.
- A supervisory position assumes the responsibilities of a subordinate position when that subordinate position is vacant.

While similar, the field-level ICS structure and the EOC structure differ slightly based on their different roles in managing the response. The EOC serves in a support role while the field-level incident command structure provides direction and manages execution. The Town of Nags Head's EOC departmental organization structure is hybrid in design, providing management and direction in addition to coordination and support. **Figure 4-1** shows the organizational structure for the Nags Head EOC when fully activated.

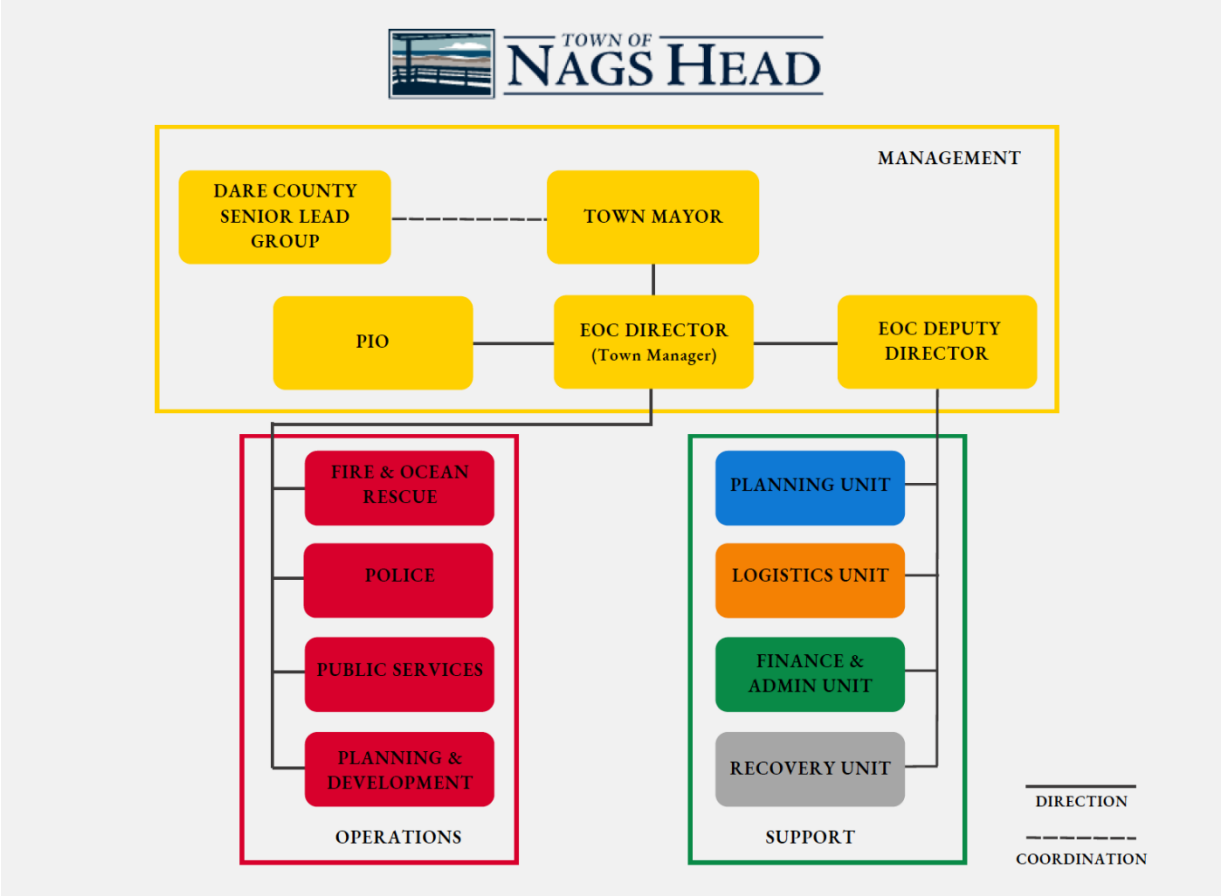



**Figure 4-1. Emergency Operations Center Organization Chart**

### 4.1.3 Activation

The activation level of the EOC and associated staffing needs vary with the specific emergency situation. The Town EOC is activated when an incident response requires additional coordination to support for field-level operations. Circumstances that might trigger EOC activation include:

- More than one jurisdiction becomes involved in an incident and/or the incident involves multiple agencies.
- The Incident Commander or Unified Command indicates an incident could expand rapidly, involve cascading effects, or require additional resources.
- A similar incident in the past led to EOC activation.
- The Town Manager directs that the EOC be activated.

- An incident is imminent (e.g., hurricane warning, existing or expected flooding, predictions of hazardous weather, active wildfire, elevated threat levels).
- Significant impacts to the Town's population are anticipated.

When activating the EOC, the Town Manager should consider the following as part of the process of activation:

- Determine the scope of the incident.
- Determine the appropriate level of activation.
- Notify and recall necessary EOC staff for activation.
- Open the EOC and prepare the facility to host operations.

### 4.1.4 Activation Levels

The level of activity within an EOC often grows as the size, scope, and complexity of the incident grows. If the field-level, incident management efforts require additional support and coordination, the EOC Director may activate additional staff to involve more disciplines, mobilize additional resources, inform the public, address media inquiries, involve elected officials, and request outside assistance. **An activated EOC does not require all assigned EOC personnel to work from within the EOC.**

**Table 4-1** lists the Town's EOC activation levels, along with potential triggers for determining the appropriate activation level. Any of these levels can involve both in-person and off-site personnel coordinating virtually. The activation level numbers are consistent with activation levels provided by state and federal guidance.

**Table 4-1. EOC Activation Levels**

| Level | EOC Status | Situation | Activity Description | EOC Staffing |
|---|---|---|---|---|
| **3** | **Monitoring/ No Activation** | • No active threats or hazards<br>• Monitoring potential threats or hazards<br>• Severe weather warning<br>• Incident(s) impacting neighboring jurisdictions with potential to impact the Town or require the Town's assistance.<br>• PSPS planned with anticipated impacts to the Town (short-term duration) | Specific EOC positions may be notified to monitor a credible threat, risk, or hazard, or to support the response to an evolving incident (ramping up or winding down) that doesn't require a large organization to coordinate operations. All departments are preparing for escalation in complexity of the incident, and the EOC is readied for potential activation. | • None<br>**EOC staff notified and remain working from normal duty stations** |
| **2** | **Partial Activation** | • Hurricane with moderate damage reported/expected.<br>• High winds, significant rain, or localized flooding<br>• Ice storm and/or snow accumulation above 3 inches<br>• Wildfire outside the Town with the potential to spread to the Town.<br>• Major planned/ scheduled event<br>• Public health emergency (pandemic)<br>• PSPS planned with anticipated impacts to the Town (long-term duration) | Specific EOC positions are activated to coordinate assessment of impacts from an incident, or coordinate response operations of moderate complexity. Deputy EOC Director performs planning, logistics, and finance/admin functions. | • EOC Director<br>• PIO<br>• Deputy EOC Director<br>• Department Directors (managing incident-related operations)<br>**Department Directors work from normal duty stations. EOC Director, PIO, and Deputy EOC Director work in the EOC.** |

**Table 4-1. EOC Activation Levels**

| Level | EOC Status | Situation | Activity Description | EOC Staffing |
|---|---|---|---|---|
| | | • Significant incident impacting neighboring jurisdictions requiring support from the Town.<br>• An incident requiring the evacuation of a small portion of the Town | | |
| **1** | **Full Activation** | • Any incident with severe to catastrophic impacts reported/ expected in the Town.<br>• Hurricane with severe to catastrophic damage reported/expected.<br>• Severe flooding<br>• Wildfire in the Town and/or surrounding response area threatening structures<br>• Any incident requiring significant resource coordination<br>• Any incident requiring a large portion of the Town to evacuate | Full EOC team is activated, including personnel from all assisting organizations, to support the response to a major incident or credible threat with the potential for severe to catastrophic impacts. All functions of EOC are performed and all formal processes are followed. | • All EOC positions are staffed.<br>• Additional positions staffed as necessary - including liaisons, technical specialists, and the integration of external supporting organization representatives.<br>• May include integration of staff to augment EOC positions.<br>**Some EOC staff with field-level responsibilities may not work within EOC but will provide situation reports or attend briefings according to defined schedules.** |

### 4.1.5 Deactivation

At a point in time when response activities transition to recovery activities, the EOC Director we begin to demobilize the EOC and activity will transition to the Town's Recovery Organization (**Section 11**). Recovery activities will continue long after deactivation of the EOC. The decision to deactivate the EOC is determined by situational analysis of field-level response activity and resource needs. The Planning Unit and Finance and Administrative Services Unit is responsible for planning for the transition from response to recovery operations.

Prior to deactivating the EOC, all internal and external partners will be notified of the decision to deactivate and the date/time of deactivation, while providing instructions for continued coordination outside the EOC. After deactivation, all documentation should be gathered and maintained to support recovery efforts and the After-Action Review. Additionally, the EOC should be resupplied and prepared for future activations.

## 4.2 Roles and Responsibilities

Emergency management roles and responsibilities for Town and County departments with jurisdictional authority in the Town are described in **Table 4-2**. EOC primary and supporting functional roles and responsibilities for each Town department are presented in **Table 4-3**.

Position-specific roles and responsibilities in the EOC, including position-specific checklists that identify tasks associated with each position can be found in **Annex A, EOC Operation Guide**.

**Table 4-2. Emergency Management Responsibilities**

| Position/ Department | Responsibilities |
|---|---|
| **Finance/ Administrative Services** | • Provide emergency procurement support (facility space, office equipment/supplies, contracting services, etc.).<br>• Develop financial mechanisms, procurement vehicles, and contracts to support procurement.<br>• Provide fiscal oversight and track expenses.<br>• Manage disaster recovery assistance programs. |

**Table 4-2. Emergency Management Responsibilities**

| Position/ Department | Responsibilities |
|---|---|
| **Fire & Ocean Rescue** | • Conduct firefighting operations.<br>• Conduct rescue operations and coordinate with Dare County Emergency Medical Services (EMS) regarding medical transport.<br>• Coordinate mass casualty/fatality management operations.<br>• Conduct search and rescue operations.<br>• Coordinate hazardous materials response operations – requesting Regional Response Team assistance (when necessary)<br>• Support emergency public warning as needed.<br>• Support preparation of the EOC for activation and operation.<br>• Lead fire and rescue Mutual Aid coordination.<br>• Support damage assessment efforts<br>• Provide incident planning and management support as needed. |
| **Human Resources** | • Oversee personnel time-keeping.<br>• Oversee compensation and claims.<br>• Provide guidance on human resources policies.<br>• Support re-assignment (when necessary) of personnel during an incident that disrupts Town essential functions.<br>• Support recruitment and onboarding or emergency hires (when necessary). |
| **Information Technology** | • Protect, restore, and sustain Town information technology resources.<br>• Maintain communications systems in support of field and EOC incident management operations.<br>• Coordinate with telecommunications service providers.<br>• Restore and repair telecommunications infrastructure.<br>• Provide GIS mapping support as needed. |
| **Planning and Development** | • Manage and conduct safety and damage assessments.<br>• Support structural safety assessment operations and advise on structure re-entry standards.<br>• Provide damage assessment documentation (i.e., Crisis Track) to support emergency declarations and state and federal recovery assistance. |

**Table 4-2. Emergency Management Responsibilities**

| Position/ Department | Responsibilities |
|---|---|
| **Police** | • Conduct law enforcement operations.<br>• Support evacuation operations.<br>• Conduct and coordinate emergency public warnings as needed.<br>• Provide facility, site, and resource security.<br>• Coordinate with NC Office of the Chief Medical Examiner (OCME) for fatality management operations.<br>• Lead law enforcement Mutual Aid coordination.<br>• Conduct security planning and provide technical resource assistance.<br>• Impose and enforce curfew as directed.<br>• Provide public safety and security support.<br>• Provide traffic control.<br>• Provide access control, traffic management, and crowd control at commodity distribution sites.<br>• Coordinate the maintenance and operation of all Town traffic signals. |
| **Public Information** | • Serve as the central coordination point for the Town for all media inquiries and information releases.<br>• Coordinate with the Planning Unit as necessary to ensure that the public within the affected area receives complete, accurate, timely, and consistent information about threats and hazards, response activities, services offered, and other vital situational information.<br>• Monitor social media to identify questions, concerns, and/or needs in the community.<br>• Develop public messages and coordinate with the EOC Director for approval.<br>• Prepare for and hold press conferences as required.<br>• Prepare Town representatives for press conferences and interviews.<br>• Maintain a relationship with media representatives.<br>• Participate in (if lead by another jurisdiction) or lead a Joint Information Center if necessary. |

**Table 4-2. Emergency Management Responsibilities**

| Position/ Department | Responsibilities |
|---|---|
| **Public Services** | • Provide logistical support for emergency operations.<br>• Conduct initial, emergency debris clearance for critical facilities.<br>• Consult with debris removal and debris monitoring vendors for debris clearance and removal operations.<br>• Conduct flood fight operations (when appropriate).<br>• Lead public services Mutual Aid coordination.<br>• Provide engineering and construction management services (Town Engineer).<br>• Maintain all Town drainage structures.<br>• Support damage assessment efforts for roads and water transportation infrastructure.<br>• Coordinate potable water system resources for prioritized public safety operations.<br>• Monitor potable water quality and perform sampling/testing as needed.<br>• Conduct fleet, fuel, and generator management.<br>• Provide facility repairs and maintenance of all Town-owned facilities.<br>• Manage Town facilities and coordinate use of non-Town facilities.<br>• Coordinate the provision of alternate water supply (when necessary).<br>• Prepare beach, Town facilities, and waste customers for storm impacts.<br>• Conduct preliminary beach erosion assessments, coordinate with state and federal agencies.<br>• Coordinate with Carolina Water Services when necessary.<br>• Coordinate with Dominion Energy on PSPS activities and electrical power restoration. |
| **Town Attorney** | • Review formal proclamations related to Local Emergency declarations.<br>• Assess Town operations and provide legal counsel as needed.<br>• Review potential or threatened litigation as needed. |
| **Town Clerk** | • Coordinate with Town Mayor on the development and issuance of all proclamations related to a Local Emergency declaration.<br>• Oversee preservation of vital records.<br>• Monitor impacts to continuity of government. |

**Table 4-2. Emergency Management Responsibilities**

| Position/ Department | Responsibilities |
|---|---|
| **Town Manager** | • Direct the emergency management organization – Department Directors.<br>• Establish response priorities and objectives.<br>• Issue mission assignments.<br>• Issue or request declaration of a Local Emergency.<br>• Lead action planning.<br>• Direct resources and personnel.<br>• Develop and maintain communication with Mayor and Town Commissioners.<br>• Approve emergency public information.<br>• Engage media and foster community relations. |
| **Town Mayor** | • Support public information efforts as needed.<br>• Support community engagement.<br>• Attend public meetings as needed.<br>• Review potential or threatened litigation as needed.<br>• Serve as a liaison with other town, county, state and/or federal representatives as needed.<br>• Review, approve, and execute the declaration of Local Emergency.<br>• Visit impacted areas, shelters, and other temporary facilities.<br>• Review requirements for special legislation and development of policy.<br>• Consider short- and long-term recovery staff recommendations.<br>• Communicate / consult with other members of the Board of Commissioners. |
| **Dare County – (only departments with jurisdictional authority in the Town of Nags Head are listed)** | |

**Table 4-2. Emergency Management Responsibilities**

| Position/ Department | Responsibilities |
|---|---|
| **Health and Human Services** | • Provides technical guidance and issues orders through the authority of the Health Officer to protect and preserve the public's health (e.g., to prevent the spread of disease).<br>• Provides information on health surveillance, disease control measures, and risk avoidance.<br>• Coordinates the mass distribution of pharmaceuticals to prevent or treat disease in response to communicable disease outbreaks or acts of bioterrorism.<br>• Manages the Medical Countermeasures Program for Dare County.<br>• Coordinates the activation of shelters for the County.<br>• Provides support services at the Family Assistance Center when activated.<br>• May support municipalities by providing staff to operate disaster shelters.<br>• Provides programs for childcare, general assistance, housing assistance, food stamps, and Supplemental Security Income for disaster victims in need. |
| **Emergency Medical Services** | • Provides emergency medical care and transportation services within the County.<br>• Provides triage, medical care, and transportation support during mass casualty incidents.<br>• Coordinates with health care facilities and emergency medical response providers<br>• Coordinates requests for medical/health Mutual Aid. |

## 4.3 Response Phases

Preparation and operational activities during an incident response evolve in phases. For incidents where there is prior warning, response activities may begin prior to experiencing the incident's impact. For incidents that occur without warning response activities are more reactionary.

### 4.3.1 Pre-incident (Increased Readiness)

Increased readiness is required upon receipt of a warning or in anticipation that an emergency situation is imminent or likely to occur. The Town initiates actions to increase its readiness. Increased readiness activities may include, but are not limited to:

- Briefing the Town Mayor, Town Board of Commissioners, applicable department representatives, and all Town employees.
- Reviewing the EOP and all relevant annexes, policies, and procedures.
- Increasing public information capabilities.
- Providing just-in-time training.
- Inspecting critical facilities and equipment, including the testing of warning and communications systems.
- Recruiting additional staff and registering volunteers.
- Warning at-risk elements of the population.
- Conducting precautionary evacuations in the potentially impacted area(s).
- Mobilizing personnel and pre-positioning resources and equipment.
- Contacting local, State, and Federal agencies that may provide support.

### 4.3.2 Initial Response

The Town's initial response activities are primarily performed at the field level. Emphasis is placed on saving lives and minimizing the effects of the emergency or disaster. Examples of initial response activities include, but are not limited to:

- Activating the EOC and establishing incident command.
- Making all necessary notifications, including those to the Town's Emergency Management Organization, Town departments, Dare County, and other external partners.
- Disseminating warnings, emergency public information, and instructions to the community members of the Town.
- Conducting evacuations and/or rescue operations.
- Caring for displaced persons and treating the injured.
- Conducting initial safety and damage assessments and surveys.
- Assessing the need for mutual aid assistance.
- Restricting movement of traffic/people and unnecessary access to affected areas.
- Developing and implementing Action Plans (e.g., field, EOC, etc.).
- Coordinating with local, state, and federal agencies.
- Declaring a Local Emergency.

### 4.3.3 Extended Response

The Town's extended response activities are conducted in the field and in the EOC. Extended emergency response activities involve the coordination and management of personnel and resources to mitigate an emergency and facilitate the transition to recovery operations. Examples of extended response activities include, but are not limited to:

- Disseminating emergency public information.
- Preparing detailed damage assessments.
- Declaring a State of Emergency (if not already declared).
- Coordinating with Dare County EM to support the issuance of a Gubernatorial Declaration and/or Federal Declaration that protects, controls, and allocates vital resources.
- Documenting situation status.
- Documenting expenditures.
- Restoring vital utility services.
- Coordinating care and sheltering operations.
- Developing and implementing Action Plans (e.g., field, EOC, etc.) for extended operations.
- Conducting advance planning activities.
- Procuring required resources to sustain operations.
- Tracking resource allocation and status.
- Coordinating with local, state, and federal agencies.

### 4.3.4 Transition to Recovery

The Town will transition to recovery operations as response activities subside. The transition will focus on demobilizing personnel and deactivating the EOC. Examples of activities during the transition from response to recovery include, but are not limited to:

- Notifying all internal and external organizations active in the response of the intent to deactivate the EOC.
- Demobilizing personnel and reassigning them back to their pre-disaster roles.
- Collecting and compiling all documentation.
- Conducting a post-response after-action review.
- Establishing the formal recovery organization and assigning recovery roles and responsibilities.

## 4.4 Direction, Control, and Coordination

Direction, control, and coordination will be managed according to ICS and NIMS. The subsequent subsections describe the framework for all direction, control, and coordination activities. The position who has tactical and operational control of response assets is also described. In addition, how multi-jurisdictional and multi-agency coordination systems support the efforts of the Town to coordinate efforts across jurisdictions while retaining its own authorities is explained.

### 4.4.1 Direction and Control

The Emergency Management Director (Town Manager) has the authority to direct staff and civilian responses in the Town and to settle questions of authority and responsibility. If necessary to protect life and property or to preserve public order and safety, the Town Mayor may promulgate orders and regulations. These must be in writing and must be given widespread publicity.

As Emergency Management Director and EOC Director (when activated), the Town Manager will oversee all response and recovery activity conducted by Town departments/agencies. However, town departments/agencies are encouraged to establish, in addition to their EOC participation, decentralized command and control structures to execute their functional responsibilities. Consistent with NIMS, department/agency heads will lead their teams in the execution of their functional roles to achieve incident response objectives.

### 4.4.2 Coordinating with Field-Level Incident Command Posts

The EOC is activated to support field-level operations when an emergency requires additional resources, or when requested resources exceed what is available within the Town. Field supervisors through their department/agency heads will establish communications with the EOC when activated. Situational status information and requests for assistance will be submitted by department/agency heads through the EOC. Situational status information, status of resource requests, Town-wide response priorities and objectives, and other critical information updates will be conveyed by the EOC to department/agency heads and field supervisors.

### 4.4.3 Coordinating with Dare County

The Town EOC coordinates with the Dare County EOC when activated. Coordination occurs to coordinate activities and messaging, request resources, and share information. Communication between the Town EOC and County EOC occurs between position/functional counterparts. For example, the Town EOC Planning Unit Leader

communicates with the County EOC Planning Section Chief. Additionally, during complex or large-scale incidents, the Town may send a liaison to the County EOC to facilitate communication and coordination, especially in support of resource management. The Mayor may attend collaboration meetings at the Dare County EOC with other elected officials, and the Town's PIO may serve as part of a Joint Information Center (JIC).

### 4.4.4 Coordinating with NGOs/Private-Sector Organizations

During emergencies, the Town's EOC is generally a focal point for coordination of response activities with many nongovernmental organizations and private businesses. When possible, relationships with these organizations should be established and maintained prior to an incident to clarify the roles and/or services they might provide to the Town during disasters.

Organizations that play key roles in the response may have representatives attend EOC briefings or station representatives at the EOC. If representation in the EOC is not practical, the Town will establish the process for communicating and sharing information.

### 4.4.5 Coordinating with Town Elected Officials

During an incident response and subsequent EOC activation, it is necessary to periodically update the Town Mayor and other elected officials on specific aspects of response operations and progress towards the achievement of objectives. The Town Manager with support from the PIO will schedule and conduct briefings with the Town Mayor, when necessary or requested. The Town Mayor will update the Town Board of Commissioners, as necessary. The Town Clerk will coordinate with the Town Mayor on the development and issuance of all proclamations related to a Local Emergency declaration. Additionally, as key developments occur, the Town Manager or PIO will communicate new information to the Town Mayor between briefings so that they have the most current information.

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# 5. Information Collection, Analysis, and Dissemination

Obtaining situational awareness is one of the most critical tasks following an incident or catastrophic disaster. Information collection consists of the processes, procedures, and systems to communicate timely, accurate, and accessible information on the incident's cause, size, and current situation to the public, responders, and additional stakeholders (both directly affected and indirectly affected). Information must be coordinated and integrated across jurisdictions and across organizations; among Federal, State, and municipal governments; and with the private sector and NGOs.

The EOC serves as a hub for collecting, analyzing, and disseminating timely, accurate, consistent, and accessible information relating to the incident or event. Establishing a common operating picture and maintaining situational awareness are essential to incident management and are a major role of the EOC.

## 5.1 Information Collection

Information relating to the incident or event is often collected before an incident through routine monitoring of warning sources and credible threats. This information is used for advance preparedness and planning and to devise incident management strategies and action plans and to make decisions about notifying the public. The Town will use this information to determine what steps should be taken, such as recommending activation of the EOC and the emergency organization.

During an incident Information may be collected from a variety of sources, such as:

- Windshield surveys and on-scene observation.
- Field-level personnel/Incident Command Posts (when activated).
- Emergency Dispatch.
- Law enforcement monitoring networks (such as the North Carolina Information Sharing and Analysis Center).
- Media reports.
- Social media.
- Email.
- Conference calls or in person briefings with Dare County Emergency Management and NCDEM.

The Planning Unit with support from the PIO is responsible for gathering information to support decision-making in accordance with established operational priorities. The EOC Director will establish information collection priorities. Critical items of information required by decision-makers to make timely decisions and prioritize key tasks and information requests vary by incident. Examples of critical information, including the types and sources of information are provided in **Annex A, EOC Operations Guide**.

## 5.2 Analyzing Information

All information acquired by the Town of Nags Head should be analyzed and confirmed prior to disseminating it further and prior to providing direction to staff or making other decisions based on the acquired information.

Analysis of information may occur before or during an incident. Information that is made available through monitoring and warnings must be analyzed in the context of risk assessment, infrastructure/ structural vulnerability, forecasts, social vulnerabilities, current events, and other factors.

When the EOC is activated, a critical task of the Planning Unit is turning the collected information into actionable intelligence. Raw information and data require evaluation, verification, and assessment for relevance. The Planning Unit will process information made available, validate and organize relevant components, and ensure that the resulting intelligence is evaluated by qualified personnel.

## 5.3 Sharing Information

Sharing accurate and timely information is a critical function of emergency management. The Town will share validated information internally and externally in different formats using difference avenues of sharing and dissemination.

### 5.3.1 Situation Status Reports

Intelligence collected throughout the incident will be documented in a Situation Status Report. The Planning Unit of the EOC develops the report. Situation Status Reports create a common operating picture and will be used to adjust the operational goals, priorities, and strategies. The flow of situation reports among the levels of government should occur consistently with NIMS, as shown below:

1. **Incident Command Post(s):** Situational status and other relevant information from the field should be compiled and documented in situation status reports by Incident Commanders or department representatives. These reports may be conveyed verbally but should be provided in writing to the EOC Planning Unit within the established operational period.

2. **Town of Nags Head EOC:** The EOC Planning Unit will summarize and verify reports received from the field and provide a consolidated Town of Nags Head Situation Status Report to the Dare County EOC, if necessary, once each operational period. The Situation Status Report will also be made available to all participants in the Town's emergency management organization to provide situational awareness.
3. **Dare County EOC:** The Dare County EOC will summarize situation status reports received from activated local municipality EOCs within Dare County, Dare County field-level units, Dare County Department Operations Centers (if activated), and other reporting disciplines and forward a consolidated Dare County Situation Report to NCDEM.
4. **NC EOC:** If activated, the NC EOC will summarize situation status reports received from the County EOCs, state DOCs, state agencies, and other reporting disciplines and distribute to state officials and others on the distribution list.
5. **Joint Field Office (JFO):** When a JFO is activated to support local, state, and federal coordination, including FEMA, the County EOC and NC EOC situation status reports will be assimilated into the JFO situation report. The NC EOC may be co-located with the federal organization at the JFO.

### 5.3.2 Displaying Information

Critical information may be displayed in the EOC for all personnel to reference. Whiteboards, flip charts, and/or wall monitors may be used. Additionally, all critical information will be entered into WebEOC to ensure situational awareness and a common operating picture. The Planning Unit will be responsible for updating and maintaining all displays and entering information into WebEOC.

### 5.3.3 EOC Incident Action Plans

The EOC Director will convey operational response information to department heads through the use of EOC IAPs in conjunction with regularly scheduled EOC briefings (usually one briefing conducted early in each operational period or as needed).

The primary focus of the EOC IAP should be on planning for the achievement of Town objectives. The EOC IAP sets overall objectives for the Town. It can also include assignments to specific departments, provide policy and cost constraints, and incorporate interagency considerations. Properly prepared, the EOC IAP becomes an essential input to developing field-level/departmental IAPs.

Incident action planning is based around the use of an operational period. The length of the operational period for the EOC is determined by first establishing a set of objectives

and priority actions that need to be performed and then establishing a reasonable time frame for accomplishing those actions. Generally, the actions requiring the longest time period will define the length of the operational period.

Typically, operational periods at the beginning of an emergency are short, sometimes only a few hours. As the emergency progresses, operational periods may be longer, but should not exceed 24 hours.

The initial EOC IAP may be a verbal plan put together in the first hour after EOC activation. The verbal plan is usually put together by the EOC Director in concert with department heads. There must be adequate representation of key organizational components, organizations, and agencies with representatives participating in the planning process having technical expertise and authority to commit to accomplishing these tasks. Once the EOC is fully activated, EOC IAPs should be written and produced by the Planning Unit. EOC IAPs should be documented in WebEOC. Details regarding the incident action planning process and IAP content are found in **Annex A, EOC Operations Guide**.

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# 6. PUBLIC INFORMATION

Public education and communications strategies help to ensure that lifesaving measures, evacuation routes, threat and alert systems, and other public safety information are coordinated and communicated to numerous audiences in a timely, consistent manner. The purpose of public information is to provide factually and current information to the public to encourage individuals to take appropriate actions to avoid hazards and receive assistance. Similar to obtaining situational awareness, public information includes processes, procedures, and organizational structures required to gather, verify, coordinate, and disseminate information.

## 6.1 Public Information Officer

The Town's PIO supports the Town Manager and the entire emergency management organization prior to, during, and following an emergency incident or disaster. The PIO supports the EOC Director and/or the Incident Commander in the field as a member of their command staff. The PIO advises leadership on all public information matters relating to the management of the incident. The PIO handles inquiries from the media, the public, and elected officials; emergency public information and warnings; rumor monitoring and response; media monitoring; and other functions required to gather, verify, coordinate, and disseminate accurate, accessible, and timely information related to the incident, particularly regarding information on public health, safety, and protection.

Due to the critical need for accurate and timely information, the PIO works closely with the EOC Planning Unit to obtain and share information. Additionally, when a Joint Information Center (JIC) is activated, the Town's PIO will participate to the extent possible at the discretion of the EOC Director.

## 6.2 Joint Information System

The Joint Information System (JIS) is the broad mechanism that organizes, integrates, and coordinates information to ensure timely, accurate, accessible, and consistent messaging activities across multiple jurisdictions and/or disciplines with the private sector and NGOs. It includes the plans, protocols, procedures, and structures used to provide public information. Federal, State, local, and private sector PIOs and established JICs at each level of NIMS are critical elements of the JIS.

## 6.3 Joint Information Center

The JIC is a central location that facilitates operation of the JIS. It is a location where personnel with public information responsibilities from multijurisdictional agencies and departments, perform critical emergency information functions, crisis communications,

and public affairs functions. JICs may be established at various levels of NIMS, at incident sites, or can be components of Federal, State, or local multi-agency coordination (MAC) groups (e.g., MAC Groups or EOCs). Depending on the requirements of the incident, JICs can be established in the field to support the incident commander.

## 6.4 Message Development and Approval

Messages intended to be disseminated to the public or to other agencies or organizations may be developed by department representatives and subject matter experts working in support of the Town's response efforts. These messages are reviewed by the PIO to correct inaccuracies and to maintain consistency in messaging. Prior to disseminating any public messages, the PIO will coordinate with the EOC Director to obtain approval.

## 6.5 Methods of Dissemination

The Town uses various technologies and methods to disseminate public information, according to the urgency of the message and its intended audience. Among them are: social media (i.e., Facebook, Twitter, Instagram), standard media, radio, OBX Alerts, print, electronic signs, Wireless Emergency Alerts, and through door-to-door notifications when necessary.

Additionally, the Town will partner with community organizations and leaders to convey information through them to the communities they support. This approach may consist of sending informational releases to forward, and/or setting up briefings or meetings with specific community groups.

# 7. COMMUNICATIONS

Establishing and maintaining the capability to communicate internally and externally is fundamental to incident management. When communication connections are successful, information can be shared protecting lives, maintaining situational awareness, and providing direction. The sections below provide an overview of the systems and methods the Town uses to communication with internal and external organizations and the community.

## 7.1 Alert, Warning, and Notifications

The Town will use **OBX Alerts** as its main emergency-alert system to notify the community of information such as evacuation advisories, shelter-in-place, and boil-water notices.

The timing of dissemination and content of alert/warning messages will be coordinated with the Town Mayor, Town Manager, Emergency Management Coordinator, and PIO. Additionally, these messages will be coordinated with Dare County Emergency Management, neighboring municipalities, and other organizations who may need prior notice of the messages prior to their dissemination.

The Town's notification mechanisms include:

- **OBX Alerts**: Managed and maintained by Dare County Emergency Management
- **Notify Me®**: Nags Head news flash information (i.e., weekly email broadcasts, bid notices, street closures, weather alerts, water system information, trash schedule changes, red "no swimming" flag notices, etc.)
- **Website:** www.nagsheadnc.gov
- **Social Media:**
    - **Facebook** - https://www.facebook.com/Townofnagshead
    - **Twitter** - https://twitter.com/Townofnagshead
    - **Instagram** - https://www.instagram.com/townofnagshead/
- **News Media:** Local TV and newspapers.
- Door-to-door notifications (dependent on situation).

Additional systems that Federal agencies and other public-safety agencies may use include:

- The **Emergency Alert System (EAS)** addresses the American public via TV, radio and National Oceanic and Atmospheric Administration (NOAA) weather radios. In addition to federal agencies, state and local authorities may use the EAS to send

emergency information and AMBER (missing children) alerts. An EAS alert can be requested through NC DEM or local National Weather Service office.

- The **Wireless Emergency Alerts (WEA)** system alerts people about public-safety emergencies via text message on smartphones and other compatible devices. WEA is a public safety system that allows customers who own certain wireless phones and other enabled mobile devices to receive geographically-targeted, text-like messages alerting them of imminent threats to safety in their area.

## 7.2 Methods of Communication

EOC communications will be maintained and supported by the Information Technology Department. Primary communications during a disaster will occur through the use of Town-provided or personal cellular telephones. The Town EOC is equipped with multipurpose and redundant communication technologies allowing the sharing of information across multiple platforms through different modalities. The communication capabilities are routinely exercised and updated as technology advances. Current communication resources in the Town EOC include:

- Land-line based phones.
- Voice Over Internet Protocol (VoIP) phones.
- Cellular telephones.
- Satellite phones (if available).
- Internet enabled computers.
- Government Emergency Telecommunications Services (GETS).
- Land mobile radios.
- WebEOC.

If additional communications capabilities are needed outside of what can be provided by the Town, the following systems and/or teams are available for request:

- **Town of Nags Head Command Post Trailer.**
- **NC EM Communications Trailer.**
- **American Red Cross Communications Trailer.**
- **Dare County Sheriff's Office 911 Communications Center -** Computer Aided Dispatch (CAD) responsible for communicating with law, fire, EMS, public services, utilities, animal control, and Dare County Health and Human Services.
- **RACES** – Radio Amateur Civil Emergency Service.
- **ARES** – Amateur Radio Emergency Service.

- **Private telecommunications providers** – several telecommunications companies that provide services in North Carolina have emergency response teams that can provide municipal governments and first responders with communication capability.

# 8. LOGISTICS

Logistics management is a critical component in support an effective response to a disaster. Managing the numerous resources necessary to support operations requires a standardized system of coordination and detailed processes.

## 8.1 Resource Management

Resource management involves: identifying and typing resources; qualifying, certifying, and credentialing personnel; planning for resources; and acquiring, staging, and inventorying resources.

### 8.1.1 Identifying and Typing Resources

In accordance with NIMS, resources are identified by the following characteristics:

- **Capability:** The core capability for which the resource is most useful (e.g., fire management and suppression; on-scene security, protection and law enforcement; public health, healthcare, and emergency medical services).
- **Category:** The function for which a resource would be most useful (e.g., fire/hazardous materials, law enforcement operations, medical and public health).
- **Kind:** A broad characterization, such as personnel, teams, facilities, equipment and supplies.
- **Type:** Provides further details regarding the capability of a specific *kind* of resource that applies a metric to designate it as a specific numbered class (e.g., Type 1 Incident Management Team [IMT], Type 2 IMT, and Type 3 IMT).

## 8.2 Resource Requests

During the response phase, the real-time tracking of incidents and response resources is critical. Resources may be in short supply, and multiple requests for services can occur. Resource requirements for supplies, equipment, vehicles, facilities, or personnel are initially filled from within Town departments. Once internal resources have been exhausted (to include inventories on hand and procurement from vendors), or when a shortfall is projected, a resource request based on a needed outcome is made from the field (departments) to the Town EOC.

The request is then filled, if possible, by other Town departments. When no internal source exists to fulfill the resource request, or a shortage is anticipated, the request is forwarded to the Finance and Administration representative. The Finance and Administrative Services

representative attempts to fulfill the request by procuring the necessary services or supplies from the private sector or other nongovernmental sources.

When Town of Nags Head resources have been exhausted, resource requests are then routed to the Dare County EOC using WebEOC. If resources are exhausted in the County, requests are routed by the County EOC to NC EOC for assignment by the State's Mission Assignment Coordinator (MAC).

All resource requests made to Dare County should include the following:

- Clearly describe the current situation.
- Describe the requested resources.
- Specify the type or nature of the service the resource(s) is providing.
- Provide delivery location with a common map reference.
- Provide local contact at delivery location with primary and secondary means of contact.
- Provide the name and contact information for the requesting agency.
- Indicate the time the resource is needed and include an estimate of duration of use.
- For resource requests involving personnel and/or equipment with operators, indicate if logistical support is required, (i.e., food, shelter, fuel, and reasonable maintenance).

### 8.2.1 Requesting Mutual Aid

Local municipalities may call another municipality or county directly to request additional equipment or personnel. All coordination is done by the participating agencies and logistics and reimbursements are specified in the mutual aid agreement. If this mutual aid is utilizing the Statewide Mutual Aid Agreement the requestor must also notify the NCEM 24-hr Watch for documentation of the mutual aid response at nceoc@ncdps.gov, 919-733-3300, or through WebEOC.

When the Town submits Mutual Aid requests, the requests are coordinated through Dare County and should specify, at a minimum:

- Number and type of personnel needed.
- Type and amount of equipment needed.
- Reporting time, location, and point of contact.
- Access points/routes.
- Estimated duration of operations.

- Risks and hazards.

The Planning Unit of the Town EOC will be in charge of tracking/documenting resource status including requests for equipment, resources, and personnel under existing Mutual Aid procedures. The requester will coordinate with the Planning Unit to provide updates on requests and arrival of resources. Resource typing of equipment will be handled by individual law, fire, public services, and others under the guidance issued by NIMS implementation.

(See **Appendix C, North Carolina Statewide Emergency Management Mutual Aid and Assistance Agreement**).

## 8.3 Resource Tracking

Resource tracking occurs prior to, during, and after an incident. This process helps staff prepare to receive and use resources; tracks resource location; facilitates the safety and security of personnel, equipment, teams, and facilities; and enables effective resource coordination and movement. Resource status updates and associated information should flow up from the field to the Town EOC, and continue until the information is received by the resource provider. The Planning Unit will track the status of all requested resources with support from department directors. Resource status can be characterized by the following designations:

- Requested.
- In-route (with estimated time of arrival).
- Staged – awaiting assignment.
- Active (in use).
- Demobilized.

## 8.4 Use of Volunteers

After a disaster, an influx of spontaneous volunteers and volunteer organizations arrive in impacted communities; however, well-intentioned, uncoordinated volunteers can be ineffective, hinder response operations, and create new risks. Emergency volunteers can be extremely helpful, but must be carefully managed, a function that often falls to county and municipal government.

In the Town of Nags Head, after a disaster, emergent volunteers and volunteer organizations will be encouraged to register at an activated EOC or affiliate with an recognized Volunteer Organizations Active In Disaster (VOAD) organization or other NGO.

# 9. Finance and Administration

Finance and administration during emergency incidents includes oversight and execution of processes for time tracking, cost tracking, documentation, claims processing, cost recovery, and human resource management.

## 9.1 Time Tracking

The Finance and Administrative Services Unit of the EOC will track all Town and volunteer time specifically related to response activities under the declaration of a Local Emergency. Time must be documented by each Town employee or volunteer worker by signing in and signing out for each shift. The Planning Unit will maintain the daily sign-in and sign-out logs for the EOC and will provide them to the Finance and Administrative Services Unit at the end of each Operational Period.

## 9.2 Cost Tracking

Disaster-related expenditures may be reimbursed under a number of state and federal programs. Recovering these costs can be a complex process that requires significant documentation and accurate record keeping to ensure that maximization of reimbursement for eligible activities.

The Finance and Administrative Services Department is responsible for coordinating the Town's efforts to properly apply for state or Federal reimbursement for disaster-related costs and obligations. For disasters involving significant damage to infrastructure, it can take years to obtain project approval, complete the work, and compile supporting documentation necessary for state and Federal reimbursement.

FEMA's Office of the Inspector General routinely audits state and local governments and non-profit organizations that receive FEMA disaster assistance funds. If the Inspector General determines that a grant applicant did not spend disaster assistance funds according to federal regulations and FEMA guidelines, FEMA can rescind the original award. Providing documentation in the form FEMA expects can provide a measure of protection for the Town. In addition to inadequate documentation, common disallowances include expenditures for ineligible items, improper procurement, and duplicate payments from insurance companies. It is important to maintain records and documentation in auditable form for at least three years after the receipt of a closeout letter from NCEM.

## 9.3 Cost Recovery

Eligible costs are extraordinary costs incurred while providing emergency services required by the direct impact of a declared disaster and for which the service is the responsibility of

the applicant agency (the Town). Eligible costs are generally considered to be the net costs over and above any increased revenue or subsidy for the emergency service. Eligible costs are costs that:

- Are reasonable and necessary to accomplish the eligible work.
- Comply with federal, state, and local requirements for procurement.
- Do not include (or are reduced by) insurance proceeds, salvage values, and other credits.

When determining eligible costs, the defining factor for reimbursement will be whether the documented costs can be deemed "reasonable". The federal government often refers to 2 C.F.R. 200.404 for a definition of "reasonable" cost:

> *A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded.*

The eligible cost criteria applies to all direct costs, including salaries, wages, fringe benefits, materials, equipment, and contracts awarded for eligible work. Ineligible expenses include costs for standby personnel and/or equipment and lost revenue.

## 9.4 Documentation and Recordkeeping

NCEM and FEMA require detailed information to support claims for reimbursement. Funding will be approved or denied based upon the information supplied by applicants. Documentation supporting all costs claimed will be required and all information must relate back to individual original source records. Detailed records should be kept from the onset of an incident or event to include, but not be limited to:

- Appropriate extracts from payrolls, with any cross references needed to locate original documents. Labor costs should be compiled separately from vehicle and/or equipment expenses.
- A schedule of vehicles used for emergency operations. This documentation should include the miles and/or hours operated by location and operator. Vehicle operating expenses should include fuel, tires and maintenance.
- A schedule for heavy equipment used for emergency operations. This documentation should include exactly where the equipment was used and for what, hours and minutes used, and the name of the equipment operator if applicable.

- Invoices, warrants, and checks issued and paid for materials, supplies, and equipment expenses used for emergency operations. Costs for supplies and materials must include documentation of exactly where resources were used and for what purpose.
- Copies of requests for proposals issued for work that is contracted out to support eligible disaster-related response or recovery work.
- Justification for all non-competitive procurements.
- Final contracts.
- Invoices submitted by the contractor.
- Warrants authorizing check issuance.
- Work done under inter-community agreements and mutual aid.

Revenues and subsidies for emergency operations must be subtracted from any costs claimed. Expenditure tracking should commence upon notice or obvious occurrence of disasters that require expense of labor, equipment use, materials and other expenses.

The Town may activate a special code for emergency expenditure tracking which is used for both labor and equipment. The EOC Finance and Administrative Services Unit will compile reports, including total expenditures by category. The Finance and Administrative Services Unit Leader will submit a summary report on total costs to the EOC Director when requested. This information will be used for State and Federal disaster assistance applications. Additional details regarding record-keeping requirements can be found in the guidance provided by each grant program. The FEMA Public Assistance Program an Policy Guide provides record-keeping requirement guidance that is generally applicable to most programs.

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# 10. Continuity of Government

A major disaster could easily result in the death or injury of key Town officials, the partial or complete destruction of established seats of Town government, and the destruction of public and private records essentials to continued operations of government. The Town is responsible for providing continuity of effective leadership and authority, direction of emergency operations and management of recovery operations. To this end, it is particularly essential that the Town of Nags Head continue to function as a local government entity following a major disaster.

The North Carolina Government Code and the Constitution of North Carolina provide the authority for the Town government to reconstitute itself in the event incumbents are unable to serve. Chapter 162B of the North Carolina Government Code (Continuity of Local Government in an Emergency) permits the appointment of interim government executives for each member of the governing body (i.e., Nags Head Town Mayor and Board of Commissioners). This chapter also provides for the succession of officers who head departments responsible for maintaining law and order, or for furnishing public services related to health and safety. The interim officers shall have the same authority and powers as the regular officers or department heads.

Each Town department is encouraged to develop a COOP to ensure the continued performance of their mission essential functions. Identifying alternate work locations, succession planning, and establishing formal delegations of authority are key elements of continuity planning. Additionally, departments should identify and prioritize mission essential functions and develop alternative methods of performing those functions when they are significantly disrupted. Continuity actions will be executed in conjunction with emergency response activities defined in this EOP.

## 10.1 Orders of Succession

Lines of succession are maintained by all essential organizational elements within the Town to ensure continued performance of mission essential functions. Lines of succession begin when a primary person designated with an essential role is unable to fulfill their assigned duties. If a person cannot execute their responsibilities due to an inability to work, lack of communications/connectivity, geographically separation, or other constraints, succession must be communicated by a verbal hand-off conversation by the most senior manager responsible for supervision over the vacant position. Details regarding assumed authorities, responsibilities of the position, conditions, and the duration of succession should be conveyed.

Assumed authorities and responsibilities will begin upon notification of the person assuming the role and will end when the person is able to resume their duties. The succession list for the Town of Nags Head is provided in **Figure 10-1**.

**Table 10-1. Orders of Succession**

| Function/Department | Order of Succession by Title/Position |
|---|---|
| Mayor | 1. Mayor[8]<br>2. Mayor Pro Tempore<br>3. Board of Commissioners Designee |
| Town Manager | 1. Town Manager<br>2. Deputy Town Manager |
| Finance and Administrative Services | 1. Director<br>2. Deputy Finance Director |
| Fire | 1. Fire Chief<br>2. Deputy Fire Chief<br>3. Senior Captain<br>4. Fire Lieutenant |
| Planning and Development | 1. Director<br>2. Deputy Director<br>3. Chief Building Official |
| Police | 1. Chief of Police<br>2. Deputy Chief of Police<br>3. Lieutenant Senior Sergeant |
| Public Services | 1. Director<br>2. Town Engineer<br>3. Public Works Superintendent(s) or designee |
| Public Information | 1. Public Information Officer<br>2. Information Technology Administrator |

[8] Town of Nags Head Code of Ordinances. Chapter 14, Section 12 – Absence or disability of the Mayor (Code 1990, § 7-12).

## 10.2 Reconstitution of Governing Body

If the Town of Nags Head is unable to govern itself due to the significant loss of Town leadership, the Town will be governed by Dare County.

The temporary, alternative seat of Town government for the Town of Nags Head is:

- Dare County

## 10.3 Relocation of Town of Nags Head Government

In the event of a major event in the Town of Nags Head it may become necessary to relocate the business of government to a remote location not impacted by a disaster. The Town of Nags Head and the Town of Cary have entered into an Memorandum of Agreement (see **Appendix D, Memorandum of Agreement between the Town of Nags Head and the Town of Cary**) that allows The Town of Nags Head to send staff to The Town of Cary to operate certain functions of government.

## 10.4 Protection of Vital Records

Vital records are defined as those records that are essential to the rights and interests of individuals, governments, corporations and other entities, including vital statistics, land and tax records, license registers, articles of incorporation, and historical and health information. The Town Clerk as the custodian for all the Town's records, shall in coordination with the Information Technology Administrator be responsible for preservation and protection of vital records. Each department within the Town shall identify, maintain, and protect its vital records. Departments and offices should take necessary steps to store copies of vital records in locations wherein survival of these records would be assured.

Vital records of the Town of Nags Head are routinely stored in the Town Clerk's Office or are stored electronically. Vital records which are stored electronically, are routinely backed up in multiple off-site locations.

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# 11. Recovery Operations

Following a coordinated response to a disaster impacting the Town of Nags Head, the Town will transition from response to recovery operations. In the aftermath of a major incident, many members of the community will have specific needs that must be met before they can return to some semblance of normality.

As part of the Town's emergency preparedness efforts, the Town focuses on ensuring that the community will be able to achieve recovery following any incident regardless of size or scale, and it considers the full spectrum of threats and hazards, including natural, technological/accidental, and adversarial/ human-caused.

The Town follows state and federal policies and guidance to help ensure that the Town can coordinate recovery efforts to address the unique needs of the community, including restoration of government services. The Town uses an inclusive recovery process, engaging traditional and nontraditional community partners, and provides a strategic approach to lead, manage, and coordinate recovery efforts while increasing the resilience of its community.

Although no single definition fits all situations, successful recoveries do share conditions in which the community:

- Demonstrates a capability to be prepared, responsive, and resilient in dealing with the consequences of disasters.
- Successfully overcomes the physical, emotional, and environmental impacts of the disaster.
- Reestablishes an economic and social base that instills confidence in the community members and businesses regarding community viability.
- Rebuilds by integrating the needs of residents with disabilities and others with access and functional needs reducing their vulnerability to all future hazards.
- Ensures that the recovery needs of the Town's vulnerable and culturally diverse populations are integrated into recovery plans to avoid disproportionate impacts to some of its most vulnerable communities.

The Town of Nags Head will manage long-term recovery activities for the Town, separate from, but in coordination with, recovery activities managed through Dare County.

## 11.1 Recovery Objectives

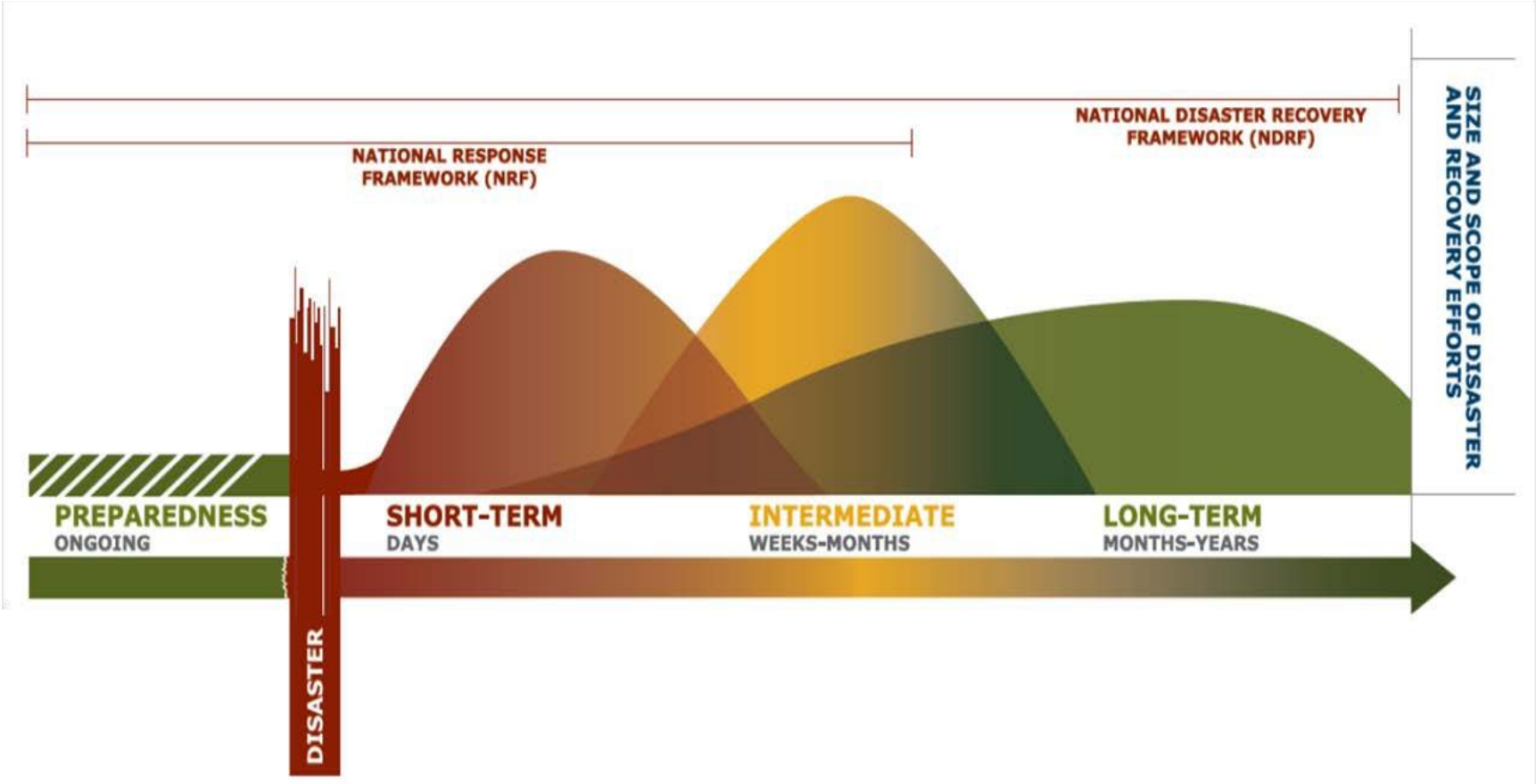
In order to achieve these conditions, the Town of Nags Head has adopted the following recovery objectives:

- Restoration of basic health and social services.
- Improvement of land use planning to build resilience and mitigate against the negative impacts of future incidents.
- Facilitation of the transition of displaced populations from shelters to interim and long-term housing arrangements.
- Facilitation of the resumption of employment and economic activity of businesses in the Town.
- Identification of repairs that can be implemented immediately as well as long-term restoration needs of critical infrastructure—such as transportation, communications, and utilities—to enable the resumption of basic services.
- Resumption of the delivery of a full range of government services.
- Resumption of educational services.
- Development of an incident-specific comprehensive recovery plan for the Town that is consistent with Town policies and priorities, including focused development, environmental sustainability, equitable use of resources, and historic preservation (when applicable).
- Maximizing the recovery of disaster response costs and funding for recovery efforts, including funding from state and federal assistance programs.

Achievement of these objectives will require the support and involvement of the entire community, as well as, support from Dare County, NCDEM, and FEMA.

## 11.2 Phases of Recovery

The phases of recovery, or the "recovery continuum," as defined in the National Disaster Recovery Framework (NDRF), offer a strategic process of interdependent and often concurrent activities that seek to progressively advance a community toward a successful recovery. However, decisions made and priorities set early in the recovery process by the Town can have a cascading effect on the nature and speed of the recovery progress. **Figure 11-1** from the NDRF, indicates the phased transition from response to long-term recovery.




Source: National Disaster Recovery Framework, June 2016

**Figure 11-1. Recovery Continuum**

### 11.2.1 Short-Term Recovery

Recovery operations begin concurrently with or shortly after the commencement of response operations. Short-term recovery activities occur within 90 days of the incident, but may continue beyond that point. Short-term recovery includes actions required to:

- Stabilize the situation
- Restore essential services
- Begin the process of restoring community and economic functions

Short-term recovery operations are initially coordinated from the EOC but will rely heavily on Town departments based on their functional responsibilities. Therefore, the EOC may only be partially activated as Town departments coordinate recovery functions as part of their daily missions or functions. Short-term recovery activities typically include:

- Expansion of social, medical, and mental health services
- Restoration of government services
- Damage assessment
- Debris removal and the abatement and demolition of hazardous structures
- Restoration of utilities such as water, wastewater, and electrical power services
- Restoration of basic transportation routes
- Provision of temporary housing

### 11.2.2 Intermediate-Term Recovery

Intermediate or mid-term recovery involves returning individuals, families, critical infrastructure, and essential government or commercial services to a functional, if not pre-disaster, state. Such activities are often characterized by temporary actions that provide a bridge to permanent measures, that are typically achieved in the Long-Term recovery phase.

### 11.2.3 Long-Term Recovery

Long-term recovery includes those activities necessary to restore the Town community to its pre-disaster state, given the inevitable changes that result from a major disaster. Long-term recovery requires significant planning to maximize opportunities and mitigate risks after a major incident. Long-term recovery can continue for years and may include the following:

- Reconstructing public and private facilities and infrastructure
- Planning and rebuilding of housing

- Implementing waivers, zoning changes, and other land-use legislation to promote recovery, and enhance resilience
- Providing long-term assistance to displaced families, including financial support as well as social and health services
- Restoring the local economy to pre-disaster levels
- Integrating mitigation strategies into rebuilding efforts
- Recovering disaster-related costs for infrastructure restoration through state and federal grant programs

## 11.3 Recovery Organization

As previously described, activities shift from response to short-term recovery as the requirements to save lives, protect public health and safety, and protect property and the environment diminishes. When response activities subside, the Town of Nags Head may deactivate the EOC and transition the coordination of recovery operations to a Recovery Task Force.

### 11.3.1 Recovery Task Force

To manage and coordinate recovery efforts for the Town and promote and prioritize the effective use of resources, the Town may establish a Recovery Task Force. The Recovery Task Force is managed and directed by the Town Manager or designee and consists of representatives from Town departments and partner organizations with primary and supporting roles in the Town's recovery. Alternatively, the Town may serve on a Recovery Task Force established by Dare County.

## 11.4 Roles and Responsibilities

Responsibility for directing, coordinating, and supporting recovery efforts in the Town after a disaster is shared among several Town departments as well as external partners. The organizations below play important roles in helping the Town achieve its recovery objectives.

### 11.4.1 Town Manager's Office

The Town Manager's Office has the following recovery responsibilities:

- Leads the recovery organization and sets priorities for recovery.
- Manages the political process.
- Facilitates interdepartmental coordination.
- Reviews and develops policies to facilitate recovery operations.

- Coordinates with special districts in the Town.
- Develops, reviews, approves, and disseminates public information.
- Coordinates the provision of temporary housing.
- Coordinates with property managers and developers on long-term housing solutions.
- Advises Town Manager on housing policy.
- Coordinates with Administrative Services Department on housing-related public assistance.

### 11.4.2 Planning and Development Department

The Town Planning and Development Department has the following recovery responsibilities:

- Discusses and, when needed, implements land use, zoning, and other development regulations.
- Processes permits and controls for new development.
- Reviews, revises, and enforces building regulations and codes.
- Reviews plans.
- Compiles damage assessment information.
- Completes building safety inspections.

### 11.4.3 Public Services Department

The Public Services Department has the following recovery responsibilities:

- Completes damage assessment of infrastructure to include water, streets, and stormwater drainage.
- Completes ocean-front and sound-front damage assessments.
- Restores utility services (water distribution).
- Oversees contracted repair and/or construction services on water infrastructure.
- Completes the formal damage/safety assessment for the Town transportation and stormwater drainage infrastructure.
- Coordinates debris clearance and removal from Town-maintained transportation infrastructure.
- Oversees contracted repair and/or construction of water and/or transportation infrastructure.
- Manages demolition and construction of Town facilities.

- Coordinates debris clearance and removal related to Town-owned facilities.

### 11.4.4 Finance and Administrative Services Department

The Finance and Administrative Services Department has the following recovery responsibilities:

- Manages Town finances.
- Reviews contracts and for policy compliance.
- Processes claims and insurance settlements.
- Manages the disaster assistance application process.
- Completes disaster response cost-tracking, documentation, and reimbursement application.
- Liaises with state and federal assistance providers.

## 11.5 Intergovernmental Coordination

Recovery for the Town can be complex in that it may rely on resources shared by other municipal governments in Dare County and other counties in the region, like transportation systems and infrastructure, and an employee base that commutes into and out of the Town. To facilitate the progressive advancement towards recovery, all levels of government must effectively coordinate and prioritize activities and funding.

A major disaster that impacts the Town of Nags Head will likely impact other areas of Dare County and may even impact other jurisdictions in the coastal region. Even though the Town will manage its own recovery, when disaster impacts extend beyond the Town and recovery efforts are being coordinated at a higher level of NIMS, the Town will participate in those meetings and briefings.

## 11.6 Local Assistance Center

A Local Assistance Center (LAC) is a centralized location where individuals and families can access available disaster assistance programs and services following a disaster. Municipal, county, state, and federal agencies, as well as nonprofit and voluntary organizations, may provide staff at the centers. FEMA may open separate assistance centers through which only the services of federal programs are offered.

In cooperation with local municipalities, Dare County assesses the need for a LAC and may establish one to support the needs of individuals in the community. NCDEM will ensure that an appropriate number of LACs are established, based on assessed needs, and coordinates the participation of state and federal agencies at the centers. Not all areas

affected by an incident require LACs. NCDEM may provide financial and logistical support to the County for the operation of LACs.

## 11.7 Damage Assessments

Following an incident that results in damage to buildings, systems, infrastructure, and/or the environment, safety assessments and an initial damage estimate are performed in the response phase. These assessments are performed by the Planning and Development Department and Public Services to ensure both private and public structures are safe to enter (Safety Assessment) or to justify emergency declarations (Initial Damage Estimate). The findings of these assessments are documented using the Crisis Track application and the information is accessible and compiled by Dare County.

To enable the Town to receive federal and state disaster assistance in the recovery phase, NCDEM, FEMA, and local officials will jointly conduct a preliminary damage assessment in the Town. This assessment will provide the basis for obtaining a Federal Disaster Declaration which grants the Town and its community access to federal assistance programs.

## 11.8 Recovery Programs

The State of North Carolina, FEMA, and other federal agencies offer disaster assistance. Emergency declaration thresholds and resource requests typically determine the amount and type of assistance required. When assistance is available, it is typically provided through the following assistance programs:

- North Carolina State Emergency Response and Disaster Relief Fund (G.S. 166A-19.42) - provides State assistance to support recovery in a Gubernatorial-declared emergency area for which federal assistance under the Stafford Act is either not available or does not adequately meet the needs of the citizens in that emergency area. Assistance may be provided in the form of Individual Assistance and Public Assistance.
- North Carolina Community Foundation Disaster Relief Fund - provides grants to nonprofit and charitable organizations in North Carolina communities impacted by disasters that: address long-term recovery and resiliency, meet unmet needs that are not being fulfilled by other resources, and build stronger and more prepared communities.
- FEMA's Individual and Household Assistance Program – provides assistance for individuals and families, including the provision of temporary housing.
- FEMA's Public Assistance Program – provides assistance to state and local governments and certain private nonprofit organizations for extraordinary costs

related to response, removal of debris, and damage to buildings and infrastructure.

- FEMA's Hazard Mitigation Grant Program – provides assistance to state and local governments for measures to reduce damage from future disasters.
- The U.S. Department of Housing and Urban Development (HUD) – provides assistance to state and local governments, in the form of grants, to help states and local governments recover from Presidentially declared disasters, especially in low-income areas.
- The Small Business Administration (SBA) - provides low-interest loans for repairs to damaged homes and for damage to businesses
- The Federal Highway Administration (FHWA) – provides funding to state and local governments for the restoration of damaged roads, bridges, and other features that are part of the of the system of federal-aid routes.
- The United States Department of Agriculture (USDA) – provides disaster assistance funding through numerous programs.

### 11.8.1 Delivery of Assistance

FEMA coordinates Stafford Act programs, such as the Public Assistance Program, with NCDEM through the Joint Field Office. Coordination of other programs, such as the Emergency Relief Program, may occur outside the Joint Field Office. Federal funding for these programs, such as the Public Assistance Program, may pass through the state; or it may be delivered directly to recipients, such as with assistance to individuals through the Individual Housing Program.

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# 12. Plan Development and Maintenance

The EOP is developed under the authority of the Town Board of Commissioners. It is a living document, subject to revision based on agency organizational changes, new laws or guidance, and experience obtained from exercises or responding to real incidents. As such, it is important to have a plan development and maintenance process for keeping the EOP current, relevant, and in compliance with NIMS and other applicable instructions.

## 12.1 Development and Maintenance Responsibilities

Under director of the Town Manager, the Fire and Ocean Rescue Department is responsible for the development and maintenance of the EOP. Each Town department is responsible for reviewing and understanding portions of the EOP relevant to their roles and responsibilities and for contributing their expertise in the development and revision of this EOP.

## 12.2 Development Process

The initial development of the EOP and any update efforts follow basic guidelines for strategic planning guidance defined in FEMA's Comprehensive Preparedness Guide 101 (CPG 101). The steps for the strategic planning process are shown in **Figure 12-1**. The process is led by the Fire and Ocean Rescue Department with support from Town departments and other stakeholders who contribute to the development of the EOP.




Source: FEMA Comprehensive Preparedness Guide 101, Version 3, Draft Version 0.5, November 2020

**Figure 12-1. Steps in the Planning Process**

## 12.3 Revision and Maintenance Process

A review of the EOP is conducted periodically to ensure the plan elements are valid, current, and remain in compliance with NIMS and other instructions. Similar to the

development process, each department reviews and provides input into EOP revisions and/or modifies its standard operating procedures as required based on deficiencies identified during exercises or real incidents. All revisions to the EOP are documented in the **Record of Changes** at the front of the plan.

## 12.4 Training and Exercises

The conduct of training and exercises are critical in enhancing capabilities and enabling effective execution of activities associated with emergency response and recovery.

### 12.4.1 Training

The Fire and Ocean Rescue Department informs other Town departments and pre-identified EOC personnel of training opportunities associated with emergency management and EOC operations. Departments with emergency management responsibilities defined in this plan must ensure their personnel are properly trained to carry out their responsibilities.

Each Town employee should obtain training in basic ICS (100, 200, 700, 800), which can be obtained through FEMA Independent Study. All first responders should obtain training in ICS 300 and all management staff in the EOC should obtain training in both ICS 300 and 400. Recommended training for each EOC position is found in **Annex A, EOC Operations Guide**.

### 12.4.2 Exercises

Exercises provide personnel with an opportunity to become thoroughly familiar with the procedures, facilities, and systems used in emergency situations. The Town prepares for and participates in an all-hazards exercise program that involves emergency management/response personnel from multiple disciplines and multiple jurisdictions. The Town prepares to design exercises that:

- Are as realistic as possible.
- Stress the application of standardized emergency management.
- Are based on risk assessments (credible threats, vulnerabilities, and consequences).
- Include non-governmental organizations and the private sector, when appropriate.
- Incorporate the concepts and principles of NIMS.
- Demonstrate continuity of operations challenges and actions.

- Incorporate issues related to individuals with disabilities and others with access and functional needs.

Elements of this EOP are exercised annually. The types of exercises the Town utilizes include:

- **Seminars/Workshops** are low-stress, informal discussions in a group setting with little or no simulation, and used to provide information and introduce people to policies, plans, and procedures.
- **Drills/Tests** are conducted on a regular basis to maintain the readiness of operational procedures, personnel, and equipment. Examples include tests of outdoor warning systems and the Emergency Alert System.
- **Tabletop Exercises** provide a convenient and low-cost method designed to evaluate policy, plans, procedures, and resolve coordination and responsibilities. Such exercises are a good way to see if policies and procedures exist to handle certain issues.
- **Functional Exercises** are designed to test and evaluate the capability of an individual function such as communications, evacuation, or shelter operations.
- **Full-Scale Exercises** simulate an actual emergency. They typically involve complete emergency management staff and are designed to evaluate the operational capability of the emergency management system.

The federal government, through FEMA, promulgates the Homeland Security Exercise and Evaluation Program (HSEEP), which is a standardized methodology for exercise design, development, conduct, evaluation, and improvement to ensure homeland security and terrorist response capabilities are adequately tested and exercised. Any jurisdiction that receives certain homeland security grant funding may be required to develop an HSEEP-compliant training and exercising plan.

## 12.5 After-Action Review

After an exercise or actual incident, the Town conducts an After-Action Review and develops an After-Action Report (AAR). The review consists of soliciting feedback and observations from exercise or incident participants with the objective of identifying strengths and areas for improvement for the Town's emergency management program. The AAR contains the following content elements:

- Situation overview, including key events or decision points
- Observations (strengths and areas for improvement)
- Analysis of each observation

- Recommendations related to each observations

Using the recommendations defined in the AAR, the Fire and Ocean Rescue Department leads a corrective action planning process to develop an Improvement Plan (IP) that assigns specific improvement tasks to appropriate responsible departments. The IP serves as a task- and milestone-based plan for improving this EOP and emergency management capabilities. This After-Action Review process follows the guidance found in HSEEP.

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# APPENDICES

**Appendix A:** Acronyms and Glossary

**Appendix B:** Authorities and References

**Appendix C:** North Carolina Statewide Emergency Management Mutual Aid and Assistance Agreement

**Appendix D:** Memorandum of Agreement between the Town of Nags Head and the Town of Cary (relocation of Nags Head government functions)

**Appendix E:** Emergency Contact Information

**Appendix F:** Map of the Town of Nags Head

**Appendix G:** Map of Dare County

**Appendix H**: Map of the Outer Banks

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# APPENDIX A:

## ACRONYMS AND GLOSSARY

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# A. Acronyms and Glossary

## A.1 Acronyms

AAR..... After-Action Report
CAD ..... Computer Aided Dispatch
CDC ..... Centers for Disease Control and Prevention
CFR..... Code of Federal Regulations
COOP ..... Continuity of Operations Plan
CPG ..... Comprehensive Preparedness Guide
EAS ..... Emergency Alert System
EMAC..... Emergency Management Assistance Compact
EMS ..... Emergency Medical Services
EOC ..... Emergency Operations Center
EOP ..... Emergency Operations Plan
FEMA..... Federal Emergency Management Agency
HMP ..... Hazard Mitigation Plan
HSEEP..... Homeland Security Exercise and Evaluation Program
HSPD..... Homeland Security Presidential Directive
HUD ..... U.S. Department of Housing and Urban Development
ICS ..... Incident Command System
IMT ..... Incident Management Team
IAP ..... Incident Action Plan
ICP..... Incident Command Post
IP ..... Improvement Plan
JIC ..... Joint Information Center
JIS..... Joint Information System
JFO..... Joint Field Office
LAC ..... Local Assistance Center
NCDEM ..... North Carolina Department of Emergency Management
NDRF..... National Disaster Recovery Framework
NGO ..... Non-Governmental Organization
NIMS ..... National Incident Management System
NOAA ..... National Oceanic and Atmospheric Administration
NRF..... National Response Framework
PIO ..... Public Information Officer
PSPS..... Public Safety Power Shutoff
SBA..... Small Business Administration

USC..... United States Code
USDA..... United States Department of Agriculture
VOAD..... Volunteer Organizations Active in Disaster
VoIP..... Voice Over Internet Protocol
WEA..... Wireless Emergency Alerts

## A.2 Glossary

**A**

**Access and Functional Needs:** Individuals having access and functional needs may include, but are not limited to, people with disabilities, older adults, and individuals with limited English proficiency, limited access to transportation, and/or limited access to financial resources to prepare for, respond to, and recover from the emergency. Federal civil rights law and policy require nondiscrimination, including on the bases of race, color, national origin, religion, sex, age, disability, English proficiency, and economic status. Many individuals with access and functional needs are protected by these provisions.

**After Action Report (AAR):** Following an exercise or response to a real emergency, a report documenting response actions, application of NIMS, modifications to plans and procedures, training needs, and recovery activities.

**Assessment:** The evaluation and interpretation of measurements and other information to provide a basis for decision-making. Relevant assessments in emergency management include: damage and safety assessment, risk assessment, community impacts and needs assessment.

**C**

**Capability:** The means to accomplish a mission, function or objective.

**Care and Shelter:** A phase of operations that meets the food, clothing, and shelter needs of people on a mass care basis.

**Catastrophic Disaster:** Although there is no commonly accepted definition of a catastrophic disaster, the term implies an emergency incident, which produces severe and widespread damages of such a magnitude as to result in the requirement for significant resources from outside the affected area to provide the necessary response.

**Command:** The act of directing, and/or controlling resources at an incident by virtue of explicit legal, agency, or delegated authority. May also refer to the Incident Commander.

**Common Operating Picture:** A broad view of the overall situation as reflected by situation reports, aerial photography, and other information or intelligence.

**Community:** A political or geographical entity that has the authority to adopt and enforce laws and ordinances for the area under its jurisdiction. In most cases, the community is an incorporated town, Town, township, village or unincorporated area of a county. However, each state defines its own political subdivisions and forms of government.

**Continuity:** The ability to provide uninterrupted services and support while maintaining organizational viability, before, during and after an incident that disrupts normal operations.

**Continuity of Government:** All measures that may be taken to ensure the continuity of essential functions of governments in the event of emergency conditions, including line-of-succession for key decision makers.

**Coordination:** The process of systematically analyzing a situation, developing relevant information, and informing appropriate command authority of viable alternatives for selection of the most effective combination of available resources to meet specific objectives. The coordination process (which can be either intra- or inter-agency) does not involve dispatch actions. However, personnel responsible for coordination may perform command or dispatch functions within the limits established by specific agency delegations, procedures, legal authority, etc. Multi-agency or Inter-agency coordination is found at all levels of government.

**D**

**Damage Assessment:** Appraising or determining the number of injuries and deaths, damage to public and private property and status of key facilities and services (e.g., hospitals and other health care facilities, fire and police stations, communications networks, water and sanitation systems, utilities, transportation networks) resulting from a human-caused or natural disaster.

**Declaration:** The formal action by a local elected official, Governor, and President to codify the existence of an emergency. A declaration of a Local Emergency, State Emergency, and/or Major Disaster allows for the provision of State and Federal assistance to eligible communities under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, PL 3-288, as amended (the Stafford Act). Additionally, a declaration grants specific authorities to elected officials which they do not have outside of a formal declaration.

**Delegation of Authority:** Identification, by position, of the authorities for making policy determinations and decisions. Generally, pre-determined delegations of authority will take

effect when normal channels of direction have been disrupted and will lapse when these channels have been reestablished.

**Designation:** The action by the FEMA Associate Director, State and Local Programs and Support Directorate (SLPSD), to determine the type of assistance to be authorized under the Stafford Act for a particular declaration; and the action by the FEMA Regional director to determine specifically what counties, or county equivalents, are eligible for such assistance.

**Direction and Control (Emergency Management):** The provision of overall operational control and/or coordination of emergency operations, whether it be the actual direction of field forces or the coordination of joint efforts of governmental and private agencies in supporting such operations.

**Disability:** Individual who has a physical or mental impairment that substantially limits one or more major life activities (an "actual disability"), or a record of a physical or mental impairment that substantially limits a major life activity ("record of"), or an actual or perceived impairment, whether or not the impairment limits or is perceived to limit a major life activity, that is not both transitory and minor ("regarded as"). And specific changes to the text of the Americans with Disabilities Act. State laws and local ordinances may also include individuals outside the federal definition.

**Disaster:** A sudden calamitous emergency event bringing great damage loss or destruction.

**Disaster Assistance Program:** A program that provides state funding or reimbursement for local government response related personnel costs incurred in response to an incident.

**E**

**Emergency (or Disaster):** A sudden condition threatening the safety of persons, property, and/or the environment caused by such conditions as severe weather, air pollution, fire, flood, hazardous material incident, disease epidemic/pandemic, riot, acts of terrorism or violence, drought, and sudden and severe energy shortage.

**Emergency Alert System (EAS):** A system that enables the President and federal, state, and local governments to communicate through commercial radio and television broadcast stations with the general public in the event of a disaster.

**Emergency Management Coordinator:** The individual within each jurisdiction that is delegated the day-to-day responsibility for the development and maintenance of all emergency management coordination efforts.

**Emergency Operations Center Director:** The individual within each political subdivision that has overall responsibility for jurisdiction emergency management coordination efforts.

**Emergency Medical Services (EMS):** Treatment of casualties necessary to maintain their vital signs prior to treatment at a medical center.

**Emergency Operations:** Those actions taken during the emergency period to protect life and property, care for the people affected, and temporarily restore essential community services.

**Emergency Operations Center (EOC):** The physical location where the coordination of information and resources to support incident management activities (on-scene operations) normally takes place. An EOC may be a temporary facility or located in a more central or permanently established facility, perhaps at a higher level of organization within a jurisdiction.

**Emergency Public Information:** Information disseminated to the public by official sources during an emergency, using broadcast and print media. Emergency Public Information includes: (1) instructions on survival and health preservation actions to take (what to do, what not to do, evacuation procedures, etc.), (2) status information on the disaster situation (number of deaths, injuries, property damage, etc.), and (3) other useful information (state/federal assistance available).

**Emergency Response Personnel:** Personnel involved with an agency's response to an emergency.

**Event:** A planned, non-emergency activity. ICS can be used as the management system for a wide range of events, e.g., parades, concerts or sporting events.

**Exercise:** Maneuver or simulated emergency condition involving planning, preparation, and execution; carried out for the purpose of testing, evaluating, planning, developing, training, and/or demonstrating emergency management systems and individual components and capabilities, to identify areas of strength and weakness for improvement of an emergency operations plan (EOP).

**F**

**Federal:** Of or pertaining to the Federal Government of the United States of America.

**Federal Disaster Assistance:** Provides in-kind and monetary assistance to disaster victims, state, or local government by federal agencies under the provision of the Federal Disaster Relief Act and other statutory authorities of federal agencies.

**Field Responder:** Any individual from a government organization who responds to incidents occurring specifically in the field to mitigate their effects. This definition includes all first responders.

**First Responder:** This term refers to individuals whose organization's specific and primary responsibility is to respond to life safety incidents.

**Function:** The five major activities defined for a traditional ICS structure, i.e., Management, Operations, Planning, Logistics, and Finance/Administration. Additionally, it refers to the roles performed by departments/agencies.

**Functional Element:** Refers to a part of the incident EOC or DOC organization such as section, branch, group, or unit.

**H**

**Hazard:** Natural or man-made source of danger or difficulty to people or property.

**Hazard Area:** A geographically defined area in which a specific hazard presents a potential threat to life and property.

**Hazardous Material:** A substance or combination of substances, which, because of quantity, concentration, physical, chemical, radiological, explosive, or infectious characteristics, poses a potential danger to humans or the environment. Generally, such materials are classed as explosives and blasting agents, flammable and nonflammable gases, combustible liquids, flammable liquids and solids, oxidizers, poisons, disease-causing agents, radioactive materials, corrosive materials, and other materials including hazardous wastes.

**Hazard Mitigation Plan:** The plan resulting from a systematic evaluation of the nature and extent of vulnerability to the effects of natural hazards, including the actions needed to minimize future vulnerability to identified hazards.

**I**

**Incident:** An occurrence, natural or human-caused, that necessitates a response to protect life or property. In this document, the word "incident" includes planned events as well as emergencies and/or disasters of all kinds and sizes.

**Incident Action Plan (IAP):** An oral or written plan containing the objectives established by the EOC Director, incident commander, or unified command and addressing objectives, tactics, and support activities for the planned operational period, generally 12 to 24 hours.

**Incident Commander (IC):** The individual responsible for the command of all functions at the field response level.

**Incident Command Post (ICP):** The location at which the primary command functions are executed. The ICP may be co-located with the incident base or other incident facilities.

**Incident Management Team:** A rostered group of ICS-qualified personnel consisting of an incident commander, command and general staff and personnel assigned to other key ICS positions.

**Individual Assistance (IA):** Supplementary Federal assistance provided under the Stafford Act to individuals and families adversely affected by a major disaster or an emergency. Such assistance may be provided directly by the Federal Government or through State, local governments or disaster relief organizations.

**J**

**Joint Field Office (JFO):** The primary federal incident management field structure. The JFO is a temporary federal facility that provides a central location for coordinating organizations with primary responsibility for response and recovery, including state, local, territorial, tribal, insular area and federal governments and private sector and nonprofit organizations.

**Joint Information Center (JIC):** A facility in which personnel coordinate incident-related public information activities. The JIC serves as the central point of contact for all news media. Public information officials from all participating agencies co-locate at, or virtually coordinate through, the JIC.

**Joint Information System (JIS):** Integrates incident information and public affairs into a cohesive organization designed to provide consistent, coordinated, timely information during crisis or incident operations. The mission of the JIS is to provide a structure and system for developing and delivering coordinated interagency messages; developing, recommending, and executing public information plans and strategies on behalf of the IC; advising the IC concerning public affairs issues that could affect a response effort; and controlling rumors and inaccurate information that could undermine public confidence in the emergency response effort.

**Jurisdiction:** Jurisdiction has more than one definition. Each use depends on the context:

- A range or sphere of authority. Public agencies have jurisdiction at an incident related to their legal responsibilities and authority. Jurisdictional authority at an incident can be political or geographical (e.g., Town, county, tribal, state or federal boundary lines) or functional (e.g., law enforcement, public health).
- A political subdivision (e.g., federal, state, county, parish, municipality) with the responsibility for public safety, health and welfare within its legal authorities and geographic boundaries.

**L**

**Leader:** The ICS title for an individual responsible for a functional unit, task forces, or teams.

**Local Assistance Center (LAC):** A facility established by local government within or adjacent to a disaster impacted area to provide disaster victims a "one-stop" service in meeting their emergency representatives of local, state, and federal governmental agencies, private service organizations and certain representatives of the private sector.

**Local Emergency:** The formal declaration of the existence of conditions of disaster or of extreme peril to the safety of persons and property within the territorial limits of a county, Town and county, or Town, caused by such conditions as air pollution, fire, flood, storm, pandemic, civil disturbance, or earthquake or other conditions, other than conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of that political subdivision and required the combined forces of political subdivisions to combat.

**Local Government:** A county, municipality, Town, town, township, local public authority, school district, special district, intrastate district, council of governments (regardless of whether the council of governments is incorporated as a not-for-profit corporation under state law), regional or interstate government entity or agency or instrumentality of a local government; a rural community, unincorporated town or village or other public entity.

**Logistics:** Providing resources and other services to support incident management.

**M**

**Major Disaster:** Any hurricane, tornado, storm, flood, high-water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosions, or other catastrophe in any part of the United States which, in the determination of the President, causes damage of sufficient severity and magnitude to warrant major disaster assistance under the Federal Disaster Relief Act, above and beyond

emergency services by the Federal Government, to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

**Media:** All means of providing information and instructions to the public, including radio, television, newspapers, websites, and social media.

**Mitigation:** Activities providing a critical foundation in the effort to reduce the loss of life and property from natural and/or human-caused disasters by avoiding or lessening the impact of a disaster and providing value to the public by creating safer communities. Mitigation seeks to lessen the severity of the cycle of disaster damage, reconstruction and repeated damage. Mitigation activities or actions, in most cases, have a long-term sustained effect.

**Mutual Aid Agreement:** Written agreement between agencies and/or jurisdictions in which they agree to assist one another upon request, by furnishing personnel and equipment.

**N**

**National Incident Management System (NIMS):** A systematic, proactive approach to guide all levels of government, nonprofits and the private sector to work together to prevent, protect against, mitigate, respond to and recover from the effects of incidents. NIMS provides stakeholders across the whole community with the shared vocabulary, systems and processes to successfully deliver the capabilities described in the National Preparedness System. NIMS provides a consistent foundation for dealing with all incidents, ranging from daily occurrences to incidents requiring a coordinated federal response.

**National Response Framework (NRF):** A comprehensive, national, all-hazards approach to domestic incident response. It serves as a guide to enable responders at all levels of government and beyond to provide a unified national response to a disaster. It defines the key principles, roles and structures that organize the way U.S. jurisdictions plan and respond.

**Natural Hazard:** Source of harm of difficulty created by a meteorological, environmental, or geological phenomena or combination of phenomena.

**Non-governmental Organization (NGO):** An entity with an association that is based on interests of its members, individuals, or institutions and that is not created by a government, but may work cooperatively with government. Such organizations serve a public purpose, not a private benefit. Examples of NGOs include faith-based charity organizations and the American Red Cross.

**Nonprofit Organization:** A group that is based on the interests of its members, individuals or institutions. A nonprofit is not created by a government, but it may work cooperatively with government. Examples of nonprofits include faith-based groups, relief agencies, organizations that support people with access and functional needs and animal welfare organizations.

**O**

**Operational Period:** The period of time scheduled for execution of a given set of operation actions as specified in the Incident or EOC Action Plan. Operational Periods can be of various lengths, although usually not over 24 hours.

**P**

**Playbook:** an incident- or function-specific plan, written to provide guidance to the Town's emergency management team to aide in their management of an emergency response. A playbook typically includes a sequential list of potential actions and assignments relevant to a scenario or function.

**Political Subdivision:** Includes any Town, Town and county, county, district, or other local governmental agency or public agency authorized by law.

**Preparedness:** The range of deliberate, critical tasks and activities necessary to build, sustain, and improve the operational capability to prevent, protect against, respond to, and recover from domestic incidents. Preparedness is a continuous process. Preparedness involves efforts at all levels of government and between government and private-sector and nongovernmental organizations to identify threats, determine vulnerabilities, and identify required resources. Within the NIMS, preparedness is operationally focused on establishing guidelines, protocols, and standards for planning, training and exercises, personnel qualification and certification, equipment certification, and publication management.

**Prevention:** Actions to avoid an incident or to intervene to stop an incident from occurring. Prevention involves actions to protect lives and property. It involves applying intelligence and other information to a range of activities that may include such countermeasures as deterrence operations; heightened inspections; improved surveillance and security operations; investigations to determine the full nature and source of the threat; public health and agricultural surveillance and testing processes; immunizations, isolation, or quarantine; and, as appropriate, specific law enforcement operations aimed at deterring, preempting, interdicting, or disrupting illegal activity and apprehending potential perpetrators and bringing them to justice.

**Private Sector:** Organizations and entities that are not part of any governmental structure. It includes for-profit and not-for-profit organizations, formal and informal structures, commerce and industry, and private voluntary organizations (PVO).

**Protection:** The capabilities necessary to secure the homeland against acts of terrorism and human-caused or natural disasters.

**Public Information Officer (PIO):** The individual in the field or at an EOC that has been delegated the authority to prepare public information releases and to interact with the media. Duties will vary depending upon the agency and level of government.

**R**

**Recovery:** Activities traditionally associated with providing Federal supplemental disaster recovery assistance under a Presidential major disaster declaration. These activities usually begin within days after the event and continue after the response activities cease. Recovery includes individual and public assistance programs that provide temporary housing assistance, grants and loans to eligible individuals and government entities to recovery from the effects of a disaster.

**Recovery Plan:** A incident-specific plan developed by a State, local, or tribal jurisdiction with assistance from responding Federal agencies to restore the affected area.

**Resources**: Personnel and equipment available, or potentially available, for assignment to incidents or to EOCs. Resources area described by kind and type, and may be used in tactical support or supervisory capacities at an incident or at EOCs.

**Response:** Activities to address the immediate and short-term effects of an emergency or disaster. Response includes immediate actions to save lives, protect property and the environment, stabilize communities and meet basic human needs following an incident. Based on the requirements of the situation, response assistance will be provided to an affected jurisdiction according to the policies and procedures defined in the National Response Framework, NC EOP, Dare County EOP, and the Town of Nags Head EOP.

**Risk:** Potential for an unwanted outcome resulting from an incident, even, or occurrence, as determined by its likelihood and associated consequences.

**S**

**Scenario:** Hypothetical situation composed of a hazard, an entity impacted by that hazard and associated conditions, including consequences when appropriate.

**State Agency:** Any department, division, independent establishment, or agency of the executive branch of the state government.

**State of Emergency:** The duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, or earthquake or other conditions, other than conditions, resulting from a labor controversy, or conditions causing a "state of war emergency", which conditions by reason of magnitude, are or are likely to be beyond the control of the services, personnel, equipment, and facilities of any single county, Town and county, or Town and require the combined forces of a mutual aid region or regions to combat.

**Strategic:** Strategic elements of incident management are characterized by continuous long-term, high-level planning by organizations headed by elected or other senior officials. These elements involve the adoption of long-range goals and objectives, the setting of priorities; the establishment of budgets and other fiscal decisions, policy development, and the application of measures of performance or effectiveness.

**Subject Matter Expert:** An individual with in-depth knowledge in a specific area or field.

**T**

**Terrorism:** Under the Homeland Security Act of 2002, terrorism is defined as activity that involves an act dangerous to human life or potentially destructive of critical infrastructure or key resources and is a violation of the criminal laws of the United States or of any State or other subdivision of the United States in which it occurs and is intended to intimidate or coerce the civilian population or influence a government or affect the conduct of a government by mass destruction, assassination, or kidnapping. See Section 2 (15), Homeland Security Act of 2002, Pub. L. 107-296, 116 Stat. 213 5 (2002).

**Threat:** An indication of possible violence, harm, or danger.

**Type:** Refers to resource capability. A Type 1 resource provides a greater overall capability due to power, size, capacity, etc., than would be found in a Type 2 resource. Resource typing provides managers with additional information in selecting the best resource for the task.

**U**

**Unified Command:** In ICS, Unified Command is a unified team effort which allows all agencies with responsibility for the incident, either geographical or functional, to manage an incident by establishing a common set of incident objectives and strategies. This is

accomplished without losing or abdicating agency authority, responsibility or accountability.

**Unit:** An organizational element of ICS tasked with functional responsibility. Typically, units have no subordinate elements in the organization.

**Unity of Command:** The concept by which each person within an organization reports to one, and only one designated person.

**V**

**Volunteers:** Individuals who make themselves available for assignment during an emergency. These people may or may not have particular skills needed during emergencies and may or may not be part of a previously organized group. (See, e.g., 16 U.S.C. 742f(c) and 29 CFR 553.101)

**Volunteer Organizations Active in Disaster (VOAD):** An association of organizations (which can include national, state, and local volunteer organizations) that help governments respond to and recover from the impacts of disasters.

**Vulnerability:** Physical feature or operational attribute that renders and entity open to exploitation or susceptible to a given hazard.

**W**

**Wildfire:** Any instance of uncontrolled burning in grasslands, brush, or woodlands.

**Wildfire Urban Interface (WUI):** The zone of transition between unoccupied land and human development. It is the line, area or zone where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels.

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# APPENDIX B:

## TOWN OF NAGS HEAD
## AUTHORITIES AND REFERENCES

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# B. AUTHORITIES

The following authorities and references provide direction and guidance for conducting emergency operations by the Town of Nags Head.

## B.1 Town of Nags Head Authorities

The following polices stand as authorities directing the Town of Nags Head emergency management program:

- Chapter 14, Emergency Management.
  - Section 14-1, Restrictions authorized (Code 1990, § 7-1; Ord. No. 14-05-012, Pt. I, 5-7-2014).
  - Section 14-2, Proclamation imposing prohibitions and restrictions (Code 1990, § 7-2; Ord. No. 06-06-021, Pt. I, 6-21-2006; Ord. No. 14-05-012, Pt. II, 5-7-2014).
  - Section 14-6, Restriction on access to areas (Code 1990, § 7-6; Ord. No. 14-05-012, Pt. VI, 5-7-2014).
  - Section 14-7, Evacuation of areas (Code 1990, § 7-7; Ord. No. 14-05-012, Pt. VII, 5-7-2014).
  - Section 14-8, Prohibitions and restrictions generally (Code 1990, § 7-8; Ord. No. 06-06-021, Pt. II, 6-21-2006; Ord. No. 14-05-012, Pt. VIII, 5-7-2014).
  - Section 14-9, Amendments to the proclamation (Code 1990, § 7-9).
  - Section 14-10, Removal of prohibitions and restrictions (Code 1990, § 7-10).
  - Section 14-11, Separate and superseding proclamations (Code 1990, § 7-11)
  - Section 14-12, Absence or disability of Mayor (Code 1990, § 7-12).
- Chapter 32, Storm Reconstruction.
- Town of Nags Head, Personnel Policy, January 3, 2022.

## B.2 Dare County and Regional Authorities

The following polices stand as authorities directing the Dare County emergency management program:

- Dare County Emergency Operations Plan, July 2020.
- Outer Banks Regional Hazard Mitigation Plan, June 2020.
- Dare County Code of Ordinances, Title IX – General Regulations, Chapter 92-Emergency Management.

## B.3 State of North Carolina Authorities

The following State of California plans and polices stand as authorities directing the Town of Nags Head emergency management program:

- N.C. Gen. Stat. 166A, "North Carolina Emergency Management Act."
- N.C. Gen. Stat. 162B, Continuity of Local Government in an Emergency.
- North Carolina Statewide Emergency Management Mutual Aid and Assistance Agreement, 2020.
- North Carolina Emergency Operations Plan, March 2022.
- North Carolina Disaster Recovery Framework, January 2020.

## B.4 Federal Authorities

The following Federal plans and polices stand as authorities directing the Town of Nags Head emergency management program:

- Robert T. Stafford Emergency Disaster Relief and Emergency Assistance Act (42 United States Code [USC] §§ 5121 et seq.).
- Federal Disaster Relief Regulations: 44 Code of Federal Regulations [CFR] Part 206.
- Individual Assistance (44 CFR §§ 206.101 et seq.).
- Public Project Assistance (44 CFR §§ 206.200 et seq.).
- Hazard Mitigation (44 CFR §§ 206.430 et seq.).
- National Incident Management System (NIMS), October 2017.
- Homeland Security Presidential Directive (HSPD) 5, Management of Domestic Incidents.
- Presidential Policy Directive 8, National Preparedness.
- National Response Framework, October 2019.
- National Disaster Recovery Framework, June 2016.
- Americans with Disabilities Act, 2010.
- HSPD 21, Public Health and Medical Preparedness.

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# APPENDIX C:

## NORTH CAROLINA STATEWIDE EMERGENCY MANAGEMENT MUTUAL AID AND ASSISTANCE AGREEMENT

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# APPENDIX D:

## MEMORANDUM OF AGREEMENT BETWEEN THE TOWN OF NAGS HEAD AND THE TOWN OF CARY

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# Agenda Item Summary Sheet

Item No: **H-3**
Meeting Date: **January 3, 2024**

**Item Title**: Committee Reports

**Item Summary**:

At the January 3rd Board of Commissioners meeting, Board members will provide reports from meetings they have attended on behalf of the Town.

Number of Attachments: 0

**Specific Action Requested**:

Provided for Board information and update.

Submitted By: Administration Date: December 22, 2023

**Finance Officer Comment**:

N/A

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

N/A

Signature: Andy Garman Date: December 22, 2023

# Agenda Item Summary Sheet

Item No: **H-4**
Meeting Date: **January 3, 2024**

**Item Title**: Consideration of appointments/reappointments to Boards/Committees

**Item Summary**:
At the January 3rd Board of Commissioners meeting, request Board consideration of the following appointments/reappointments to Boards/Committees:

Government Education Access Channel Committee:
- Consider replacement for former Comr. Renée Cahoon

Septic Health Advisory Committee:
- Consider replacement for Megan Lambert. Gary Ferguson recommended by Planning Board at its December 19th meeting.

Firemen's Relief Fund Board of Trustees:
- Consider Anne Farmer for reappointment.

Board of Adjustment appointments:
- Consider Bobby Gentry for reappointment to regular position.
- Consider candidate to fill vacant alternate position. (One candidate available - Dru Ferrence)

Board of Adjustment Chair/Vice Chair appointments:
- Annual appointment of Chair and Vice-Chair to the Board of Adjustment, in accordance with Town Code - UDO Sec. 2.5.3.1. Margaret Suppler and Bobby Gentry are both interested in being reappointed as Chair and Vice Chair respectively.

Attached please find the current roster of the Firemen's Relief Fund Board of Trustees, current roster of the Septic Health Advisory Committee, and current roster and candidate list for the Board of Adjustment.

Number of Attachments: 4

**Specific Action Requested**:
Provided for Board appointment/reappointment.

Submitted By: Administration Date: December 28, 2023

**Finance Officer Comment**:
No unbudgeted fiscal impact.

Signature: Amy Miller Date: December 28, 2023

**Town Attorney Comment**:
N/A

Signature: John Leidy Date: December 28, 2023

**Town Manager Comment and/or Recommendation**:
N/A

Signature: Andy Garman Date: December 28, 2023

**Town of Nags Head** ***CURRENT***
**Firemen's Relief Fund Board of Trustees**

**Meeting Date: January 3, 2024**

| *Name of Board/Committee* | *Current members* | *Contact Info* | *Last appointed date* | *Seat expires* | *Eligible for Re-appointment* | *Notes* |
|---|---|---|---|---|---|---|
| | | | | | | |
| **Firemen's Relief Fund Board of Trustees** | Robert Muller (Chair)* | Phone/email on file | 6/2009 | | N/A | Appointed by State Comr. of Insurance |
| | Rose Lay | Phone/email on file | 05/2022 | 05/2024 | No | Appointed by Governing Body |
| | Anne Farmer | Phone/email on file | 01/2022 | 01/2024 | YES | Appointed by Governing Body |
| | Phil Wolfe | Phone/email on file | 08/2023 | 08/2025 | N/A | Appointed by Fire Dept |
| | Scott Hooper | Phone/email on file | 08/2023 | 08/2025 | N/A | Appointed by Fire Dept |
| | | | | | | |
| | | | | *Anticipate appointment of Dorie Fuller to replace Robert Muller | | |

**SEPTIC HEALTH ADVISORY COMMITTEE**
(Appointed by BOC Feb 1st and Oct 4th 2023)

**Dep Town Manager/Finance Director Amy Miller**

**Planning Director Kelly Wyatt**

**Environmental Planner Conner Twiddy**

**Commissioner Kevin Brinkley**

**Planning Board Representative Megan Lambert**

**Former Mayor and Town Resident Bob Muller**

**Former Mayor and Town Resident Robert Edwards**

**Nags Head Citizen Wayne Varilek**

**Nags Head Citizen Tim Julian**

**Nags Head Citizen Dave Hermann**

**Retired Dare County Senior Environmental Health Specialist Rob Crawford**

## Town of Nags Head ***CURRENT*** Board of Adjustment

## Meeting Date: January 3, 2024

| ***Name of Board/Committee*** | ***Current members*** | ***Contact Info*** | ***Last appointed date*** | ***Seat expires*** | ***Eligible for Re-appointment*** | ***Notes*** |
|---|---|---|---|---|---|---|
| | | | | | | |
| Board of Adjustment<br>2nd Thursday at 9AM as necessary<br>5 Regular Members<br>3 Alternate Members<br>3-year term | Margaret Suppler<br>Chair | Phone/email on file | 01/05/22 | 01/05/25 | Term not expired | |
| | Bobby Gentry<br>Vice-Chair | Phone/email on file | 01/20/21 | 01/20/24 | Term not expired | |
| | Judy Burnette | Phone/email on file | 05/04/22 | 05/04/25 | Term not expired | |
| | Alice Coffey | Phone/email on file | 11/03/21 | 11/03/24 | Term not expired | |
| | Tina Adderholdt | Phone/email on file | 05/04/22 | 05/04/25 | Term not expired | |
| | Angelina Lowe<br>(ALT) | Phone/email on file | 07/05/23 | 07/05/26 | Term not expired | |
| | VACANT<br>(ALT) | | | | | |
| | VACANT<br>(ALT) | | | | June 2019 Board determined to take no action to fill this third Alternate seat | |

***CANDIDATES*** Characteristic Chart Board of Adjustment Meeting Date: January 4, 2024

| Applicant Name | Bd/Comm Interested in Serving | Yrs of Residency | Location of Residency | Education | Role in Community | Attributes to offer Bd/Comm | Special Interest in Bd/Comm | Currently serving on Town Bd/Comm |
|---|---|---|---|---|---|---|---|---|
| Barbara Ayars (12/01/22) | BOA/Arts & Culture/ Planning Bd | 10 yrs. | Gallery Row | BA & Law Degree | Retired attorney | Knowledge of environmental law | Assist w/maintaining a balance between ecosystem protection and use | No |
| Dru Ferrence (8/15/23) | BOA Alternate | 24 yrs. | S Nags Head | Bachelor's Degree | Involved in Civic Organizations | Wide exposure to Town through real estate sales. | | No |
| | | | | | | | | |
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# Agenda Item Summary Sheet

Item No: **J-1**
Meeting Date: **January 3, 2024**

**Item Title**: Town Manager Garman – Update on Public Services Facility

**Item Summary**:

Town Manager Andy Garman, along with Town Engineer David Ryan, will present an update on the construction progress of the new Public Services Facility at the January 3rd Board of Commissioners meeting.

Number of Attachments: 0

**Specific Action Requested**:

Provided for Board information and update.

Submitted By: Administration Date: December 22, 2023

**Finance Officer Comment**:

I will respond to questions as necessary.

Signature: Amy Miller Date: December 22, 2023

**Town Attorney Comment**:

N/A

Signature: John Leidy Date: December 22, 2023

**Town Manager Comment and/or Recommendation**:

Update provided for Board information.

Signature: Andy Garman Date: December 22, 2023