

TOWN OF
NAGS HEAD, NC



POPULAR ANNUAL FINANCIAL REPORT 2024
FISCAL YEAR ENDED JUNE 30, 2024

Table of Contents

Boards & Committees	3
Highlights	4-7
Grants.	7
Net Position	8-9
The General Fund.	10-11
General Fund Expenditures	12-13
Capital Reserve Funds	14
Water Fund.	15
Governmental Capital Project Funds.	16

Report Purpose

This [Popular Annual Financial Report \(PAFR\)](#) is a summary of the financial activities of the Town’s funds as reported in the 2024 [Annual Comprehensive Financial Report \(ACFR\)](#). The ACFR is an audited document and is prepared in conformance with accepted accounting principles (GAAP). To conform with GAAP, the ACFR must present the Town’s individual funds in much more detail and fully disclose all material financial and non-financial events.

Unlike the ACFR, the PAFR is not an audited document, and it does not include details by fund, nor does it include the other disclosures required by GAAP. Therefore, the PAFR is not intended to present a complete financial picture of the Town in accordance with GAAP. This report contains financial information for the Town’s fiscal year ended June 30, 2024. The Town’s fiscal year starts July 1 and ends the following June 30. Information is presented in this report on the basis of generally accepted accounting principles (GAAP). This report reflects how your tax dollars are being spent in a simple, non-technical format. We hope you find this report helpful. Transparency and open communications in our operations is important to us. If we can improve this, please e-mail your comments concerning this report, or any other aspect of the operations of the Town of Nags Head, to Town Manager Andy.Garman@NagsHeadNC.gov

2024 QUICK FACTS

Town of Nags Head full time equivalent year-round employees

119.5; additional 25 seasonal

Population

year-round – 3,233;
seasonal – 40,000 persons
a day

Median age

59.7 years old

Per capita personal income

\$76,100

Average unemployment rate 4.0%*, higher than the State of North Carolina’s average of 3.5%

Average household size of owner-occupied houses

2.03

Median property value for owner-occupied houses

\$705,000

Total assessed property valuation

\$3,144,254,416

Net taxes levied

\$12,026,354

Tax collection rate

99.986%

Total outstanding debt obligation

\$22,681,663

The Town maintains its Aaa issuer rating from Moody’s Investors Service

Principal employers

(in order of ranking)

Dare County Schools
The Outer Banks Hospital, Inc.
Food Lion
Town of Nags Head
Kitty Hawk Kites
State of NC Department of Cultural Resources

Principal property taxpayers

(in order of ranking)

Dominion NC Power
SRE Mustang
Nags Head Company, LLC
Galasa Holdings, LLC
Ocean Carolina, LLC
Brian K. Newman
Stanford M. White
The Outer Banks Hospital, Inc.
Mildred Roughton
Surf Side Realty, LLC

*The Town’s economy is based on travel, tourism, and related services industries, and therefore experiences significant seasonality in rates. Seasonally unadjusted 2023 average.

BOARDS & COMMITTEES



Pictured left to right: Mayor Ben Cahoon, Mayor Pro Tem Michael Siers, Commissioner Megan Lambert, and Commissioner Bob Sanders.

The Town of Nags Head would like to thank former commissioner Kevin Brinkley, who served on the Board of Commissioners for five years.

Board of Commissioners

The mayor and four board members make policy decisions and adopt ordinances in accordance with procedures and responsibilities set out in North Carolina law. The town manager carries out policies and directives of the mayor and board of commissioners.

Working hand in hand with the town manager, the board of commissioners plays a key role in the financial well being of the Town of Nags Head, with a focused mission to serve the citizens, property owners, businesses, and visitors of the town through open governance.

Board of Commissioners meetings can be viewed online on the Town's [YouTube Channel](#).

Boards and Committees

"Create a ripple of change by getting your feet wet!"

Want to get involved in your town, but aren't sure how to start? Get your feet wet by sitting on a Town board or committee.

Community involvement assists with plan elements of development, goals, policies, programs, community engagement, and overall future direction of certain Town initiatives.

[Arts & Culture Committee](#)

[Dangerous Animal Appeal Board](#)

[Board of Adjustment](#)

[Personnel Grievance Panel](#)

[Community Watch Association](#)

[Planning Board](#)

Town of Nags Head Mission

To support the well-being of our citizens, property owners, and visitors by delivering municipal services in an open, respectful, and responsive manner.

Town of Nags Head Vision

To thoughtfully preserve our unique coastal environment, heritage, and lifestyle now and for the future.

Town of Nags Head Community Goals

Environment. To safeguard our critical natural resources and coastal ecosystem.

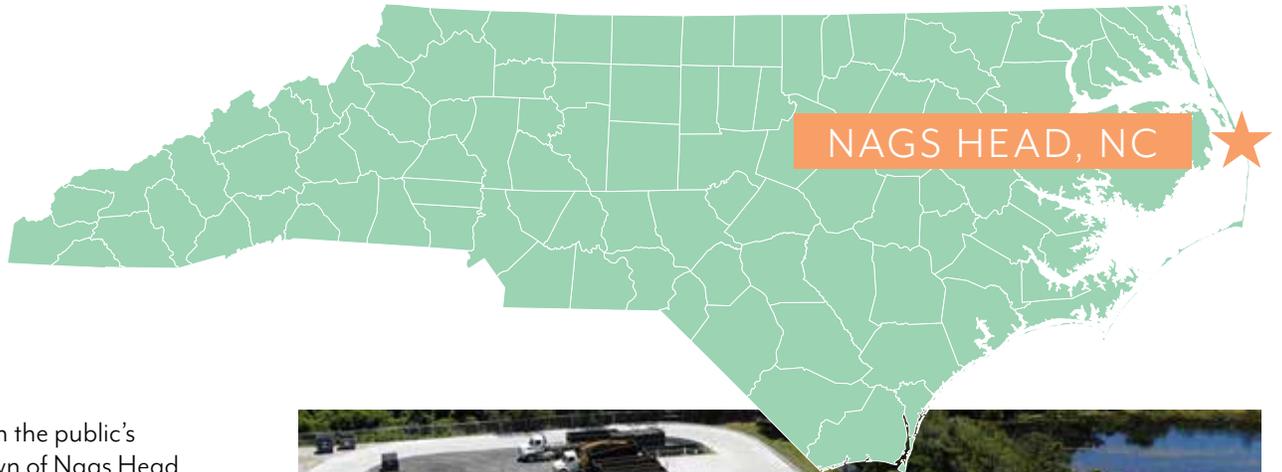
Development. To achieve responsible, adaptive development that aligns with our community vision.

Economy. To promote a sustainable economy that supports residents and visitors.

Community Services. To maintain an efficient government that provides high quality and cost-effective services.

With these baseline goals, the Board and staff continue to investigate the foreseeable future and imagine what it would take for the Town to be its best. These focus areas are more detailed in the [Strategic Plan](#).

HIGHLIGHTS



Always acting in the public's interest, the Town of Nags Head provides core municipal services to its constituents including:

- Sanitation and Recycling
- Planning, Zoning, and Environmental Protection
- Building Inspections
- Code Enforcement
- Tax Collections
- Water Supply and Distribution
- Police, Fire, and Ocean Rescue Protection
- Parks and Recreation Facilities and Public Asset Maintenance
- Shoreline Management
- Stormwater Management / Drainage Infrastructure
- Septic Health
- Transportation -- Streets and Pedestrian Facilities
- Conservation



Public Services

Construction of the town's new Public Services complex has been progressing with most of the work completed, and the administration building and bulk waste site opened in June. Spanning approximately 35,000 feet, the complex supports six essential divisions—sanitation, facilities maintenance, fleet maintenance, water operations, water distribution, and administration. Sustainable features such as permeable pavement, tree preservation, solar panels for net-zero energy usage, and infrastructure for future electric vehicle charging stations have been incorporated. The site also improves public access with better circulation and drop-off facilities.

Nags Head's water service customers saw an upgrade of their analog water meters to Advanced Metering Infrastructure (AMI) smart meters, significantly improving staff efficiency and enhancing the customer billing experience. These meters deliver precise, remote water usage data and provide real-time leak alerts. Customers can now



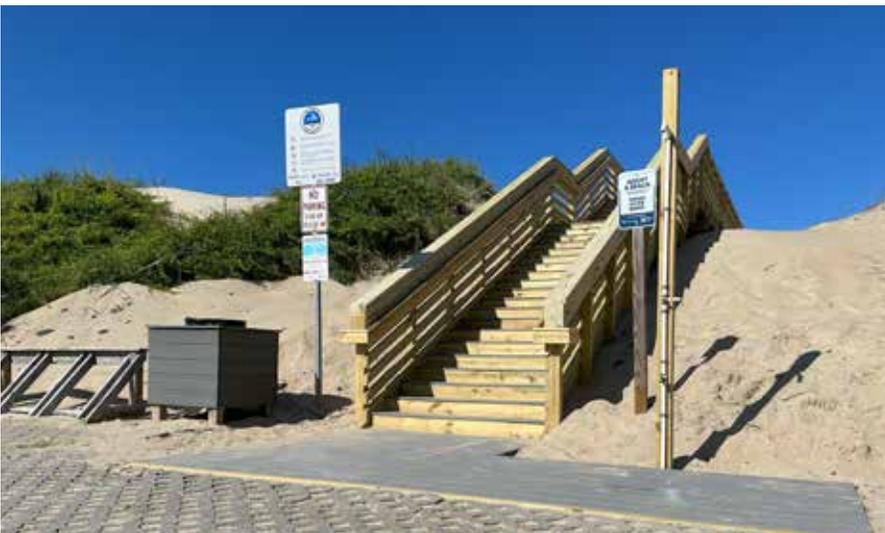
HIGHLIGHTS



Estuarine access pier replacement



Epstein Street bathhouse replacement



Loggerhead Street dune walkover replacement

easily access and monitor their water usage through the [My Water Advisor 2.0 portal and app](#), offering greater convenience and control.

The Town demonstrated its commitment to maintaining and enhancing public infrastructure by completing several key projects last year. Improvements include renovations to the Epstein and Loggerhead public beach accesses, as well as upgrades to the estuarine access pier and gazebo. The multi-use path between Epstein Drive and Lakeside Street was resurfaced, and three new sidewalks were constructed to improve pedestrian access and safety. These projects reflect the Town's dedication to providing high-quality recreation and transportation amenities and ensuring accessibility for residents and visitors alike.

We focus on taking care of what we have, along with considering areas that lack sufficient infrastructure. Annual maintenance work includes performing both planned and emergency replacements and repairs for infrastructure. An integrated approach to planning, design, and construction of assets is identified in long term-planning documents such as the [Capital Improvement Program](#), paving plan, and master planning documents.

- Building area constructed – 41,132 square feet
- Stormwater infrastructure installed – 12,450 linear feet
- Roadway resurfacing completed – 145,200 square feet
- Decking area installed – 4,310 square feet
- Multi-use path area repaired/replaced – 46,890 square feet
- Solar panels installed – 10,390 square feet

General Governmental Services



Two level II electric vehicle charging stations were installed at Town Hall.

Our [Septic Health Initiative](#), a voluntary program that helps property owners maintain and improve the functionality of their septic systems to benefit Nags Head's water quality and support the health of its ecosystems, was enhanced by the installation of four additional water quality monitoring wells. Additionally, the Town has a new GPS unit and will start mapping existing and new septic systems across the town, enabling us to better understand the connection between septic system performance and water quality.



Town sponsored activities include summer farmer's markets, winter holiday markets, concerts, exercise classes, movie nights, and July 4th fireworks.

Public Safety



Nags Head's Ocean Rescue division implemented a new beach warning flag system, aligning it with international and national standards to ensure consistency with other beach communities. Warning flags have long been used by lifeguard agencies to inform swimmers of water conditions, identify hazards, and designate safer swimming areas. The updated system follows guidelines developed by the International Life Saving Federation, and endorsed by the United States Lifesaving



For the second year in a row, Nags Head is a GFOA Triple Crown winner! The Government Finance Officers Association's

Triple Crown recognizes governments who have received [GFOA's Certificate of Achievement for Excellence in Financial Reporting](#), [Popular Annual Financial Reporting Award](#), and the [Distinguished Budget Presentation Award](#). Thank you to all our committed team members who contribute to the Town's excellence in government finance.



Nags Head Ocean Rescue continues its pursuit of excellence.

- First place (again!), local Outer Banks lifeguard competition series.
- First place, South Atlantic Lifesaving Association Regional Competition, Small Beach Division

Association, promoting universal understanding and effectiveness to enhance beach safety.

Twelve license plate readers have been installed at several intersections to enhance public safety. With the help of these readers, Nags Head's Police Department has already solved nearly twenty crimes.

HIGHLIGHTS



Beach Nourishment

The Town was awarded a North Carolina Coastal Storm Damage Mitigation Grant to complete a vegetative dune sprigging project along ten miles of oceanfront. Approximately 1.3 million beachgrass sprigs were planted, which will strengthen the stability of the dunes constructed years ago, enhancing the natural defenses against coastal storms and erosion. This effort reflects the Town's dedication to preserving its shoreline and protecting its coastal community.

Vehicles and Equipment

We are focused on following a regular replacement schedule for vehicles and equipment to minimize downtime and disruptions, particularly during the peak summer season. This year we replaced:

- A commercial truck and a roll off truck for Sanitation
- Five Police vehicles

We also invest in high-quality safety equipment to ensure our team can perform their duties effectively and safely. This year at our new Public Services Complex we:

- Installed a pit-mounted hydraulic scissor lift
- Purchased an aerial man lift and forklift



GRANTS

Aligned with our [strategic goals](#), we actively pursue and leverage grants to maximize value for taxpayers. Since fiscal year 2024, we have received \$9 million in funding, in addition to the \$5 million we have received in previous fiscal years. By strategically coordinating project timelines with funding opportunities, we effectively supplement local funds. These initiatives, informed by the [2023 property owner survey](#), are designed to advance the objectives outlined in our strategic plan.

Land conservation protection	\$4,000,000
Stormwater flood mitigation	\$2,863,760
Estuarine shoreline design and construction	\$1,100,000
Beach access improvements	\$309,049
Beach nourishment maintenance engineering	\$301,000
Sidewalk construction	\$177,224
Emergency Operations Plan update	\$75,000

NET POSITION

Net position presents the financial position of the Town as a whole.

The assets and deferred outflows of resources of the town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$76,084,549 (net position).

Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial condition of the Town is improving or deteriorating.

There are three components of net position:

1. Net investment in capital assets-this is the largest portion of net position that reflects the Town's investments in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt outstanding 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.
2. Restricted-this represents resources that are subject to external restrictions on how they may be used.
3. Unrestricted-this is the remaining balance that may be used to meet the Town's ongoing obligations to citizens and creditors.

As of June 30, 2024, the Town 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 (general fund and capital project funds) and net effect of its business-type activities (water fund). The same situation held true for the prior fiscal year.

The Town's total net position increased by \$8,011,798, or 12% over the prior fiscal year.

The increase for both governmental and business-type activities can be attributed to ongoing capital projects, including the Public Services Complex (80%/20% split between governmental and business-type) and Advanced Metering Infrastructure (AMI) for business-type activities. Interest only debt service payments were made this fiscal year totaling \$1,069,375 for limited obligation bonds issued on these projects. The ad valorem tax rate and water rates were raised by 4.25 cents and 12.3%, respectively, to pay their respective debt service portions towards these projects. Nags Head maintains its Aaa issuer rating from Moody's Investors Service.

The total governmental activities net position increased by \$7,764,300, or 13% over the prior fiscal year.

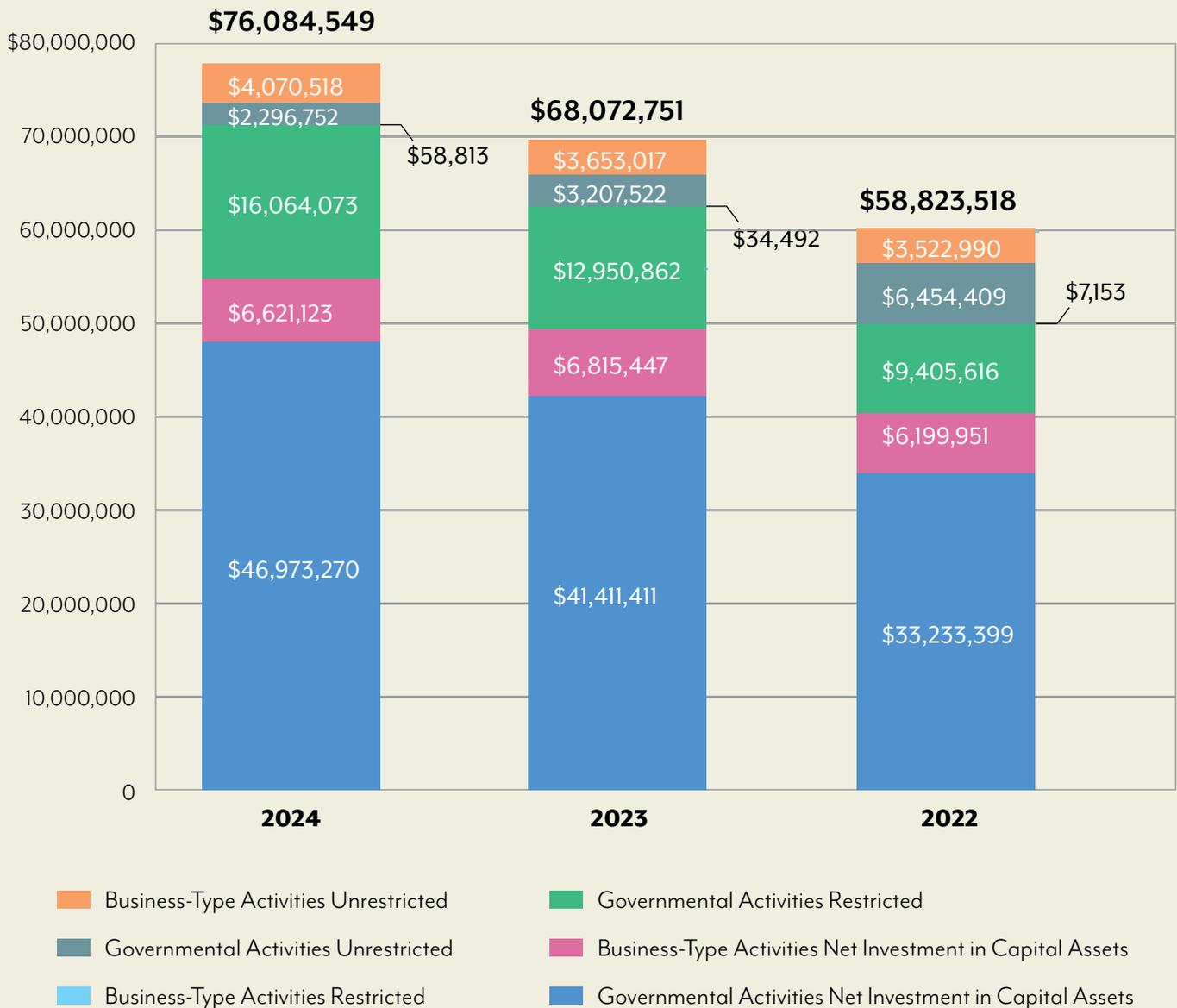
- ▶ The combined ending fund balance is a decrease of \$6,444,492 from fiscal year 2023. The unspent portion of debt proceeds for the Public Services Complex has decreased by \$9,005,039 due to issuance proceeds being spent as the project has been actively under construction for the duration of fiscal year 2024.
- ▶ The net investment in capital assets portion of net position increased. Construction in progress, which is not depreciated, increased by \$6,926,954. This can be attributed to the Public Services Complex, since the governmental portion of the project is not complete.
- ▶ Epstein Street bathhouse construction, \$934,436, and beach nourishment maintenance, \$905,325, also increased the Town's net investment in capital assets
- ▶ The Town did not incur any other debt liability, and interest only payments totaling \$775,250 were made towards the Public Services Complex debt.

The total water fund net position increased by \$247,498 or 2% over the prior fiscal year.

- ▶ The new water rates increased water sale revenues by 11%, or \$417,053, primarily accounting for the increase.
- ▶ Investment income increased by \$243,690 from the prior fiscal year
- ▶ The net investment in capital asset portion of net position decreased by \$194,324.
- ▶ Construction in progress decreased because the water portion of the Public Services Complex and AMI projects are finished and being depreciated.
- ▶ The Water Capital Project Fund, which includes the Public Services Complex and AMI, is consolidated in the water fund and accounts for these projects. Since inception, \$2,897,539 and \$1,523,314 has been spent from this fund for these respective projects.
- ▶ No new debt was issued. Interest only payments totaling \$294,126 were made towards the Public Services Complex/ AMI debt.



Government-Wide Net Position by Component



THE GENERAL FUND



General Fund Balances

The focus of the general fund 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 fiscal position. Specifically, unassigned fund balance* can be a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Nags Head. The fund balance in the general fund is similar to a savings plan in that it represents monies that remain unspent after all budgeted expenditures have been made. Fund Balance is one indicator of fiscal stability that is measured at year-end. The Town strives to use fund balance only in the event of unforeseen circumstances, emergencies, and one-time uses.

The Town's fund balance policy states a goal of keeping a minimum unassigned fund balance, or portion of fund balance with no restrictions, commitments, or assignments to specific purposes, equal to 25% of general fund expenditures, less bond debt. Any unassigned fund balance over 35% will be transferred to the capital investment fund (CIF).

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$7,995,703, representing 36.22% of general fund expenditures and transfers, less bond debt. This is above our fund balance policy noted above and thus, in fiscal year 2025, \$270,279 will be transferred to the CIF.

	2024	2023	2022
Total Fund Balances	\$24,578,366	\$22,015,876	\$19,087,859
Unassigned Fund Balance	\$7,995,703	\$8,562,014	\$6,294,383
General Fund expenditures and transfers (less beach nourishment debt)	\$22,072,639	\$20,523,833	\$23,711,729
Unassigned Fund Balance as a percentage of expenditures and transfers (less bond debt of \$3,086,300)	36.22%	41.72%	26.55%

Tax Collection

The total town wide tax collection rate was 99.986% due to continued diligence in property tax collection. The adopted ad valorem tax rate increased by \$.0425 to \$.33 per \$100 valuation. Of the ad valorem rate, \$.025 is restricted by the Board for beach nourishment.

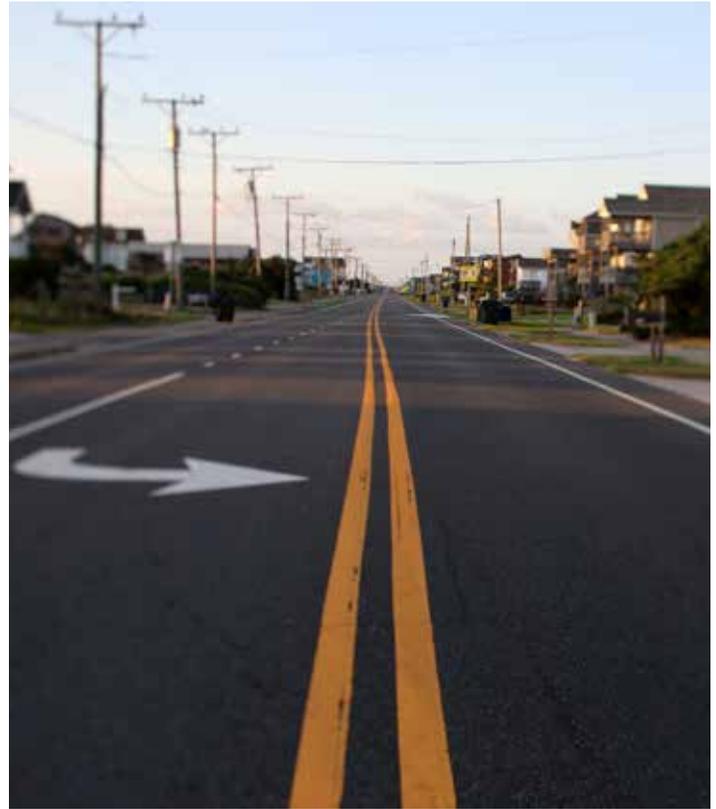
Tax rates for the six Municipal Service Districts (MSD's) for the purpose of beach nourishment also remained unchanged. Tax rates for MSD 1-2 are \$1.43 per \$100 of assessed valuation, one half cent (\$.005) for MSD 3 and 6, one cent (\$.01) for MSD 4, and tax rate for MSD 5.

Tourism driven revenues including sales and occupancy, are included in other taxes and licenses and came in at 2% and 1%, respectively, over the prior fiscal year. Land transfer taxes saw a decline of 9% due to slowing real estate sales and increased interest rates.

General Fund Notes

- ▶ The decrease in unassigned fund balance can be attributed to the general fund transfer of \$1,378,672 to the capital investment fund as fiscal year 2023 audited fund balance exceeded our fund balance policy of 35% of general fund expenditures excluding bond debt.
- ▶ Investment income increased by \$1,609,373 from the prior fiscal year, accounting for the total fund balance increase. The fair market value gain was \$490,427, compared to the prior year's loss of (\$675,149).
- ▶ Increased personnel costs include two new police officer positions. Capital expenditures included street resurfacing and drainage totaling \$999,525 as well as construction for new sidewalks and a soundside pier and walkway.

**Fund balance classifications disclose the hierarchy of constraints placed on how fund balance can be spent. When less constraints are placed on fund balance, unassigned fund balance may increase. Restricted fund balance includes amounts that are restricted for specific purposes, imposed externally by creditors or by law. Assigned fund balance includes amounts the Town of Nags Head Board of Commissioners has determined to use for specific purposes.*



General Fund Breakdown

The General Fund accounts for a majority of Town services and is Nags Head's primary operating fund.

GENERAL FUND REVENUE SOURCES	2024	2023	2022
Ad valorem property taxes	\$12,037,602	\$10,646,369	\$10,582,398
Other taxes and licenses (total)	\$10,230,266	\$10,205,374	\$10,260,892
Occupancy tax	\$4,673,981	\$4,624,217	\$4,457,313
Sales tax	\$4,468,229	\$4,395,996	\$3,995,689
Land transfer tax	\$1,009,498	\$1,108,709	\$1,727,795
Other taxes and licenses	\$78,558	\$76,452	\$80,095
Unrestricted intergovernmental	\$1,085,828	\$1,007,408	\$952,365
Restricted intergovernmental (total)	\$1,992,712	\$975,222	\$1,010,044
Restricted federal grants	\$224,887	\$153,690	\$105,214
Restricted state grants	\$749,255	\$183,809	\$160,151
Restricted local grants	\$1,018,570	\$637,723	\$744,679
Permits and fees	\$712,950	\$640,052	\$388,634
Sales and services	\$345,853	\$351,839	\$313,943
Net investment earnings	\$1,043,365	(\$362,880)	(\$1,208,157)
Miscellaneous	\$158,080	\$72,829	\$82,619
TOTAL REVENUES	\$27,606,656	\$23,536,215	\$22,382,738

GENERAL FUND EXPENDITURES BY GOVERNMENTAL FUNCTION

Current expenditures are the necessary payments used to maintain and run the Town, while **capital expenditures** are asset purchases that have initial useful lives beyond a single reporting period.

General Government		2024	2023	2022
Governing Body	CURRENT	\$190,218	\$155,578	\$156,690
	CAPITAL OUTLAY	\$9,120	-	-
Administration (Town Manager)	CURRENT	\$966,186	\$778,821	\$631,496
	CAPITAL OUTLAY	-	\$158,846	\$450,962
Administrative Services (Finance and Human Resources)	CURRENT	\$1,073,091	\$992,352	\$1,093,122
	CAPITAL OUTLAY	\$46,459	\$29,636	\$5,010
Information Technology	CURRENT	\$544,261	\$368,898	\$314,306
Planning and Development	CURRENT	\$1,011,579	\$996,349	\$980,676
	CAPITAL OUTLAY	\$42,733	\$87,718	\$28,836
Legal services	CURRENT	\$68,672	\$102,212	\$166,176
TOTAL	CURRENT	\$3,854,007	\$3,394,010	\$3,342,466
	CAPITAL OUTLAY	\$98,312	\$276,200	\$484,808
Environmental Protection		2024	2023	2022
Sanitation	CURRENT	\$1,322,412	\$1,292,454	\$1,043,971
	CAPITAL OUTLAY	\$617,209	\$564,784	\$1,245,804
Solid Waste Tipping Fees	CURRENT	\$797,479	\$817,785	\$807,055
TOTAL	CURRENT	\$2,119,891	\$2,110,239	\$1,851,026
	CAPITAL OUTLAY	\$617,209	\$564,784	\$1,245,804
Streets and Drainage		2024	2023	2022
State Street Aid	CURRENT	\$27,128	\$4,388	\$19,555
	CAPITAL OUTLAY	\$93,043	\$346,131	\$6,130
Streets and Stormwater Management	CURRENT	\$39,372	\$85,750	\$35,943
	CAPITAL OUTLAY	\$1,053,227	\$1,629,563	\$403,487
TOTAL	CURRENT	\$66,500	\$90,138	\$55,498
	CAPITAL OUTLAY	\$1,146,270	\$1,975,694	\$409,617

Public Safety		2024	2023	2022
Police	CURRENT	\$3,577,393	\$3,175,316	\$3,009,138
	CAPITAL OUTLAY	\$434,162	\$578,758	\$247,233
Fire	CURRENT	\$3,559,339	\$3,176,874	\$2,905,470
	CAPITAL OUTLAY	\$12,510	\$87,344	\$1,080,848
Ocean Rescue	CURRENT	\$876,292	\$769,612	\$718,748
	CAPITAL OUTLAY	\$70,903	\$71,607	\$5,499
TOTAL	CURRENT	\$8,013,024	\$7,121,802	\$6,633,356
	CAPITAL OUTLAY	\$517,575	\$737,709	\$1,333,580

Public Services		2024	2023	2022
Administration	CURRENT	\$485,795	\$466,893	\$366,369
	CAPITAL OUTLAY	\$157,515	-	-
Public Facilities Maintenance	CURRENT	\$1,708,037	\$1,526,399	\$1,549,622
	CAPITAL OUTLAY	\$1,702,800	\$416,800	\$2,378,129
Maintenance Garage	CURRENT	\$401,569	\$369,912	\$340,881
	CAPITAL OUTLAY	\$5,695	\$3,007	\$3,322
TOTAL	CURRENT	\$2,595,402	\$2,363,204	\$2,256,872
	CAPITAL OUTLAY	\$1,866,009	\$419,807	\$2,381,451

Debt Service		2024	2023	2022
	PRINCIPAL	\$3,357,481	\$3,627,712	\$3,818,547
	INTEREST	\$907,259	\$223,685	\$247,530
TOTAL		\$4,264,740	\$3,851,397	\$4,066,077

Other Financing Uses		2024	2023	2022
This includes transfers from the General Fund to the Capital Project Funds.		-	-	\$489,950

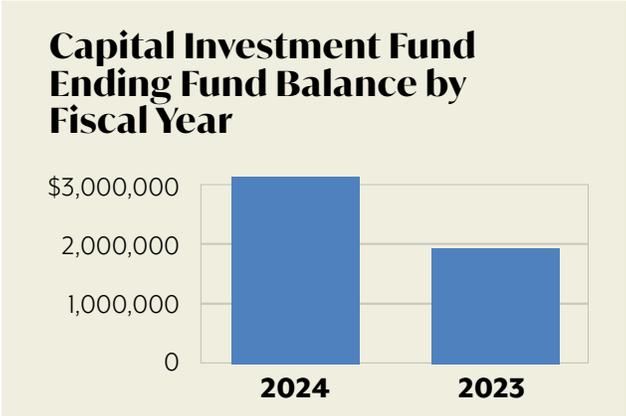
TOTAL EXPENDITURES		\$25,158,939	\$22,904,984	\$24,550,505
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CAPITAL RESERVE FUNDS

The Town has legally adopted Capital Reserve Funds that set aside, and account for, the accumulation of funds for designated future capital projects. These Capital Reserve Funds are consolidated in the General Fund.

The Capital Investment Fund (CIF) is funded through General Fund appropriation and is a dedicated source for capital expenditures and debt service payments. Of the governmental net position, \$3,169,899 is restricted in the Capital Investment Fund. The Fund has a separate minimum fund balance policy requiring a balance of 25% of CIF expenditures. This year the fund balance was 57.45%, up from 45.48% last fiscal year. The net change in fund balance totaled \$1,212,723.

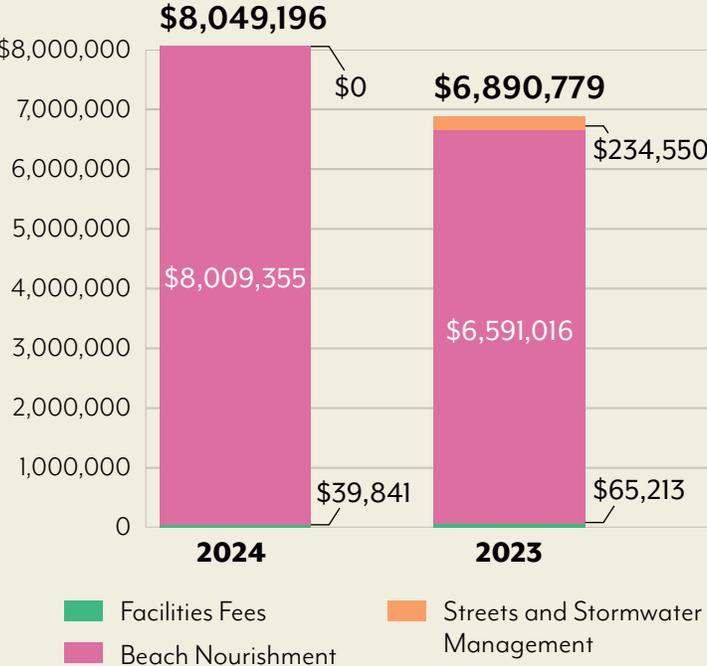
The philosophy of the Capital Investment Fund, established in fiscal year 2023, is to carry a balance that can be used to smooth out capital debt spending over time. It is designed to allow the Town to pay cash for most capital items. The increase accounts for the additional general fund appropriation of \$1,378,672 to the CIF this year.



Capital Reserve Fund Ending Fund Balance by Fiscal Year

The accumulation of funds set aside in the Capital Reserve Fund are restricted for specific purposes including recreation and shoreline management. Revenues are generated through ad valorem taxes and facility fees.

Of the governmental net position, \$8,049,196 is restricted in the Capital Reserve Fund.



Projects that accumulate funds in the Capital Reserve Fund include:

- ▶ Facility fees have an ending balance of \$39,841. They are generated by construction within the town and are used in developing community service facilities provided by the Town. This year facility fees were used towards sidewalk construction and security upfits at Town Hall.
- ▶ Beach nourishment funds account for the majority of the Capital Reserve Fund with an ending balance of \$8,009,355. They are generated primarily from town-wide and municipal service district (MSD) ad valorem taxes as well as a portion of sales tax distribution. In fiscal year 2024, these revenues totaled \$3,127,081. All beach nourishment funds are designated by the Board to be spent for future beach nourishment maintenance and debt payments. Outstanding debt principal of \$2,276,000 related to the fiscal year 2020 beach nourishment project was paid for from these funds.
- ▶ Previous General Fund appropriations were set aside for streets and stormwater management, which accumulated in the capital reserve fund. Funds have been drawn down as the prioritized project, Old Nags Head Place drainage infrastructure, has been completed.

WATER FUND

The Water Fund accounts for the Town's water system operations and operates in a manner similar to private business enterprises. The costs (including depreciation) of providing water services to customers on a continuing basis are financed primarily through user charges. Water service is billed every two months. The minimum base water bill up to 3,000 gallons for a 3/4" meter size increased to \$44.70, accounting for the increase in water sales revenues. This reflects the 12.3% increase to the base and volumetric charges to pay for the Public Services Complex/AMI debt service.



Water Fund Operating Revenues

	2024	2023	2022
Water sales	\$4,175,187	\$3,758,134	\$3,760,396
Tap and connection fees	\$40,585	\$27,505	\$21,277
Late payments including penalties and interest	\$27,219	\$23,289	\$25,275
Water cutoff tag fees	\$3,450	\$1,700	\$3,450
Miscellaneous	\$2,592	\$1,500	\$1,900
TOTAL OPERATING REVENUES	\$4,249,033	\$3,812,128	\$3,812,298

Water Fund Operating Expenses

Water Administration	\$333,437	\$311,198	\$293,960
Septic Health	\$137,269	\$122,215	\$107,390
Water Operations	\$1,867,194	\$1,674,748	\$1,835,918
Water Distribution	\$1,149,744	\$1,067,814	\$797,276
Depreciation and amortization	\$665,022	\$387,925	\$365,539
TOTAL OPERATING EXPENSES	\$4,152,666	\$3,563,900	\$3,400,083

TOTAL OPERATING INCOME	\$96,367	\$248,228	\$412,215
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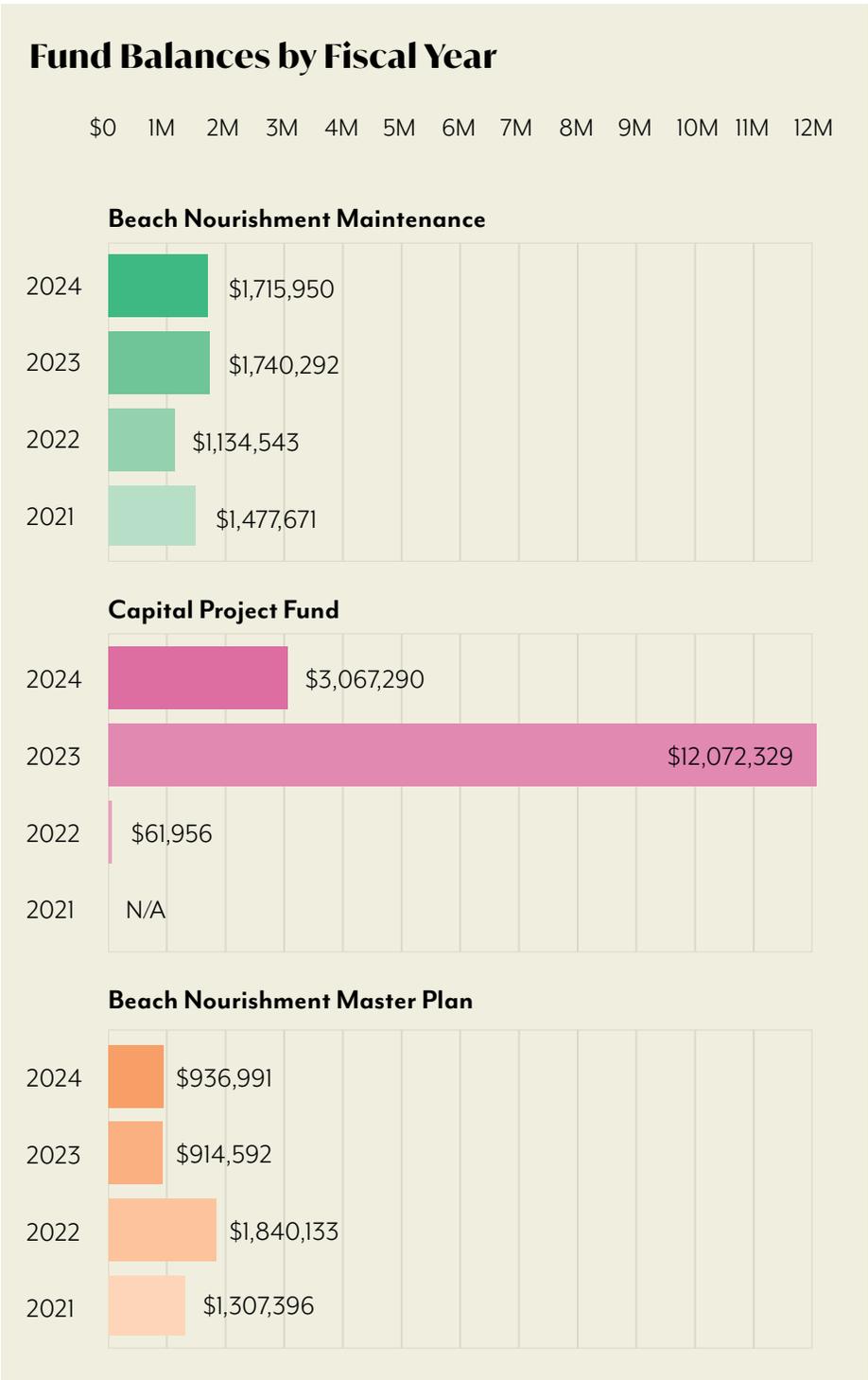
- ▶ The wholesale water rate increased from \$1.838 to \$2.202 per million gallons purchased, or by 19.8%. The rate is set by an interlocal agreement with Dare County and was driven by an increase of 21% in eligible costs.
- ▶ Water purchased from Dare County increased by over 19 million gallons, or 5%. Due to both the wholesale water rate increase and an increase in gallons purchased, the cost of wholesale water purchased increased by \$295,788 or approximately 43%.
- ▶ Depreciation and amortization increased because the new Water Distribution building, part of the Public Services Complex, is being depreciated.
- ▶ The Water Fund reimbursed the General Fund \$844,331 for costs of services provided. This was a \$47,558 increase over the prior fiscal year, or 6%.



GOVERNMENTAL CAPITAL PROJECT FUNDS

The Town reported three Capital Project Funds, which remain in effect until their respective projects are complete. These multi-year funds are established for the purpose of beach nourishment and a new Public Services Complex. Remaining balances represent the committed portion of governmental fund balance, meaning this portion is restricted by limitations and can only be used for the specific purposes imposed by the Board of Commissioners.

- ▶ Funds were established in 2021 to account for a beach nourishment restoration construction project occurring in the summer of 2022 and to assist with long-term planning in maintaining and enhancing the protective and recreational capacity of the Town’s beaches. Capital expenditures this fiscal year included \$298,704 for a grant funded vegetative sprigging project and \$194,129 for annual monitoring and a winter beach condition survey.
- ▶ In 2022, a capital project fund was established and currently consists of one project, the Public Services Complex. Since its inception, \$12,023,766 of governmental funds have been spent on this project.





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