

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

June 30, 2024

Village Council Members

Peter Quinn, Mayor
Scott Gardner, Mayor Pro Tempore
Emily Hill
Ginnie White
Scott Thomas

Administrative and Financial Staff

Chris McCall, Village Manager
Zachary Hewett, Finance Director
Regina M. Hinson, Tax Administrator

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Financial Section



Independent Auditor's Report

To the Honorable Mayor and Members
of the Village Council
Village of Bald Head Island
Bald Head Island, North Carolina 28461

Report on the Audit of 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 Village of Bald Head Island, North Carolina, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Village of Bald Head Island's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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 Village of Bald Head Island, North Carolina as of June 30, 2024, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison for the General Fund 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 Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Village of Bald Head Island, and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of Management's 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 Village of Bald Head Island'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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's 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 *Governmental Auditing Standards* will always detect material statement 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 *Governmental Auditing Standards*, we

- Exercised professional judgement and maintained 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 responsible 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 Village of Bald Head Island'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 Village of Bald Head Island'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 Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the 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. 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 basic financial statements of the Village of Bald Head Island. The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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, based on our audit, the procedures performed as described above, and the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025 on our consideration of the Village of Bald Head Island's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Village of Bald Head Island'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 the Village of Bald Head Island's internal control over financial reporting and compliance.

Thompson Price, Scott, Adams & Company, PA
Certified Public Accountants

Thompson, Price, Scott, Adams & Company, PA
Southport, NC 28461
May 2, 2025

Management's Discussion and Analysis



The Village of Bald Head Island

Management's Discussion and Analysis

As management of the Village of Bald Head Island, North Carolina, we offer readers this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the audited financial statements and accompanying notes. This discussion provides comparative data, highlights major financial trends, and outlines key developments affecting the Village's operations.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded liabilities and deferred inflows of resources by \$47,208,799, an increase of \$5,422,273 from FY 2023.
- Government-wide net position increased due to investments in capital assets and reductions in long-term liabilities through scheduled debt repayments.
- At year-end, the General Fund reported a total fund balance of \$9,751,929, an increase of \$1,248,079 over the prior year.
- Approximately 46% of this fund balance, or \$4,486,821, is unassigned and available for appropriation by the Village.

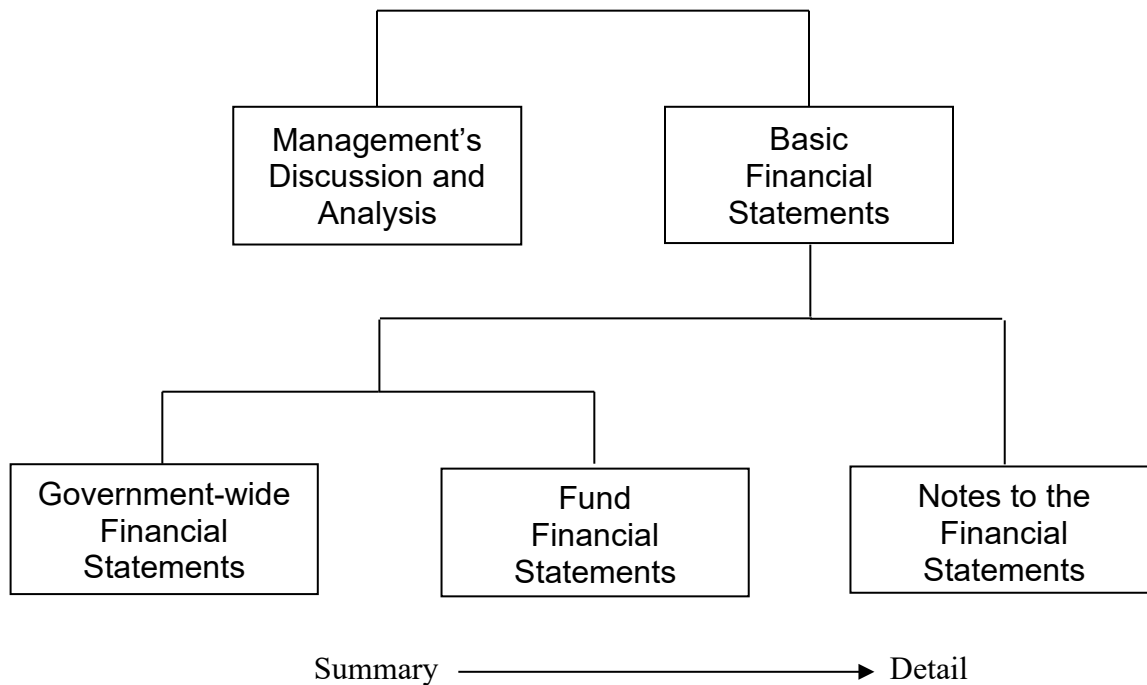
Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Village's basic financial statements. The financial statements include three primary components (See Figure 1):

1. Government-wide financial statements that present the Village's overall financial picture.
2. Fund financial statements that detail individual fund activity and compliance with budgetary requirements.
3. Notes to the financial statements that provide deeper insight into specific items.

The report also contains supplementary information to demonstrate the Village's compliance with North Carolina General Statutes and other financial requirements.

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 Village'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 Village'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; 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 Village's individual funds. Budgetary information required by the North Carolina General Statutes also can 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 Village'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 Village's financial status as a whole.

The two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village'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 Village's financial condition.

The government-wide statements are divided into two categories:

1. **Governmental activities:** include most of the Village's basic services such as public safety, economic and physical development, and general administration. Property taxes, intergovernmental revenues and charges for services financially support most of these activities.
2. **Business-type activities:** are those the Village charges customers to provide. This type includes the water and sewer services offered by the Village.

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 Village'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 Village of Bald Head Island like all other governmental entities in North Carolina, use fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Village's budget ordinance.

All of the funds of the Village of Bald Head Island can be divided into two categories:

1. **Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Village's basic services are included here. These funds use the modified accrual basis of accounting, which provides a short-term financial focus. This perspective helps determine whether there are more or fewer financial resources that can be spent in the near future.

The fund statements 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 fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Reconciliations are included to explain the relationship (or differences) between the governmental fund statements and the government-wide financial statements. These reconciliations help bridge the gap between fund accounting and full accrual accounting.

The Village is required by North Carolina General Statutes to adopt an annual budget ordinance for its General Fund. This legally binding document is developed with input from Village leadership and the community and authorizes the collection and use of financial resources to support public services. To demonstrate accountability and transparency, budgetary comparison schedules are provided, showing original and final budget amounts alongside actual revenues and expenditures, as well as the resulting variances.

2. **Proprietary Funds** – The Village of Bald Head Island has one kind of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Village of Bald Head Island uses the enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 Exhibit 9 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Bald Head Island's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on Exhibit A-1 of this report.

Interdependence with Other Entities – The Village depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and appropriations. These changes may impact grant funding, tax distributions, and other shared revenues.

Additionally, the Village's investment earnings and asset values are affected by national and international economic conditions, including interest rate changes and financial markets influenced by actions of foreign governments and institutional investors. As such, the Village closely monitors external factors that may affect its financial position or ability to deliver essential services.

Government-Wide Financial Analysis

Village of Bald Head Island's Net Position
June 30, 2024
Figure 2

	Government Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$11,942,224	\$10,024,738	\$3,731,248	\$3,424,391	\$15,673,472	\$13,449,129
Capital assets	30,150,995	29,565,882	12,778,696	12,206,219	\$42,929,691	\$41,772,101
Deferred outflows of resources	2,211,368	2,126,723	325,561	258,129	\$2,536,929	\$2,384,852
Total assets and deferred outflows of resources	44,304,587	41,717,343	16,835,505	15,888,739	61,140,092	57,606,082
Long-term liabilities outstanding	11,853,055	14,060,504	621,049	493,018	12,474,104	14,553,522
Other liabilities	680,212	720,010	261,673	105,211	941,885	825,221
Deferred inflows of resources	234,881	259,826	280,423	180,987	515,304	440,813
Total liabilities and deferred inflows of resources	12,768,148	15,040,340	1,163,145	779,216	13,931,293	15,819,556
Net position:						
Net Investment Capital Assets	22,694,982	19,353,114	12,758,861	12,173,946	35,453,843	31,527,060
Restricted	7,452,604	6,471,685	-	-	7,452,604	6,471,685
Unrestricted	1,388,853	852,204	2,913,499	2,935,577	4,302,352	3,787,781
Total net position	\$31,536,439	\$26,677,003	\$15,672,360	\$15,109,523	\$47,208,799	\$41,786,526

At June 30, 2024, the Village's total net position was \$47,208,799, an increase of \$5,422,273 from the prior year. This overall increase is attributed to an increase of \$4,859,436 in governmental activities and an increase of \$562,837 in business-type activities. The increase in net position indicates the Village's continued ability to meet obligations and invest in services.

The largest portion of net position, \$35,453,843, reflects the Village's investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt still outstanding used to acquire those

assets. The Village uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Although the Village of Bald Head Island's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village of Bald Head Island's net position of \$7,452,604 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,302,352 is unrestricted.

Village of Bald Head Island's Changes in Net Position
Figure 3

	Government Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for services	2,260,518	1,954,976	3,203,551	3,226,014	5,464,069	5,180,990
Operating grants and contributions	1,324,321	508,544	218,180		1,542,501	508,544
Capital grants and contributions	202,092	227	409,477	424,669	611,569	424,896
General revenues:						
Property taxes	11,080,258	9,052,419			11,080,258	9,052,419
Other taxes & licenses	2,763,956	2,682,710			2,763,956	2,682,710
Unrestricted investment earnings	529,144	290,587	133,220	86,544	662,364	377,131
Other	(126,659)	56,796	1,751	723	(124,908)	57,519
Total Revenues	18,033,630	14,546,259	3,966,179	3,737,950	21,999,809	18,284,209
Expenses:						
General government	4,937,144	5,095,530			4,937,144	5,095,530
Public Safety	4,037,651	4,023,874			4,037,651	4,023,874
Transportation	-	61,203			-	61,203
Environmental protection	2,672,078	2,399,221			2,672,078	2,399,221
Economic & physical development	1,259,951	920,204			1,259,951	920,204
Interest on long term debt	267,370	359,260			267,370	359,260
Water & Sewer			3,403,342	2,882,560	3,403,342	2,882,560
Total Expenses	13,174,194	12,859,292	3,403,342	2,882,560	16,577,536	15,741,852
Increase in net position	4,859,436	1,686,967	562,837	855,390	5,422,273	2,542,357
Net position, July 1	26,677,003	24,990,036	15,109,523	14,254,133	41,786,526	39,244,169
Net position, June 30	31,536,439	26,677,003	15,672,360	15,109,523	47,208,799	41,786,526

Governmental Activities: Net position of the Village's governmental activities increased by \$4,859,436 in FY 2024. Total revenues for governmental activities were \$18,033,630, with property tax revenues comprising the largest portion at \$11,080,258, due mainly to increased development throughout the village, in addition to a tax rate change. Charges for services, intergovernmental revenues, and investment earnings also contributed to revenue growth.

Expenditures for governmental activities were \$13,174,194, with public safety and general government representing the most significant costs. Due to strong revenue performance and expenditure control, the Village was able to increase its overall governmental net position. This year's results reflect the Village's ongoing focus on long-term planning and conservative fiscal policy.

Business-type Activities: Business-type activities increased the Village's net position by \$562,837. These activities are accounted for in the Water and Sewer Fund. Total revenues totaled \$3,966,179, primarily from \$3,203,551 million in service charges.

Expenses for water and sewer operations were in line with budget expectations. The Village continues to manage this fund with a focus on infrastructure maintenance, operational efficiency, and strategic reinvestment. As a result, the fund remains financially sound and self-supporting.

The increase in net position across both activities demonstrates the Village's strong financial management and positions it well for future service delivery and capital investment.

Financial Analysis of the Village's Funds

This analysis is intended to help readers understand how the Village's fund-level financial performance and position relate to the government-wide results.

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental funds are used to account for the Village's basic services, while proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Governmental Funds

The focus of the Village of Bald Head Island's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2024, the Village's governmental funds reported a combined fund balance of \$11,284,886, an increase of \$1,960,336, or approximately 21%, from the prior year. This growth reflects a combination of strong revenue collections, budgetary discipline, and a reduction in certain capital expenditures. Of the total, approximately \$4,486,821 (40%) is classified as unassigned and available for spending at the Village's discretion. The remainder is restricted, committed, or assigned for specific purposes, including stabilization by state statute, capital projects, and public safety.

The General Fund is the chief operating fund of the Village. At the end of the fiscal year, the total General Fund balance stood at \$9,751,929, an increase of \$1,248,079 from FY 2023. The portion of General Fund Balance categorized as unassigned was \$4,486,821. This increase is primarily attributable to positive variances in revenue collections and conservative spending across departments.

This strong year-end result provides the Village with additional capacity to address future needs and is consistent with the Village's long-term financial management strategies. Details of fund performance are presented in Exhibit 4, and a reconciliation of the Governmental Funds to the Government-wide statements is included in Exhibit 4 and 5.

General Fund Budgetary Highlights: The Village's General Fund budget was amended during the year for various reasons, including the recognition of grant revenue and related expenditures, and for transfers to capital projects. These amendments were approved by the Village Council and reflected the Village's commitment to maintaining a structurally balanced budget.

Overall, actual revenues exceeded budgeted amounts while expenditures were held below budget in several key departments. Revenue categories such as Utility Franchise Taxes, FEMA Reimbursements, and sales and services performed above projections, and departments effectively managed operating costs despite inflationary pressures.

Expenditure savings occurred across multiple functions, including general government and public safety. These favorable variances contributed to a net increase in fund balance of over \$1.2 million.

The Village's adherence to a conservative budgeting philosophy and close financial oversight allowed it to finish the fiscal year in a strong position.

Proprietary Funds

The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The Village uses an enterprise fund to account for its water and sewer operations. Net position for the Water and Sewer Fund increased by \$562,837. Operating revenues exceeded operating expenses, and the fund also benefited from capital contributions totaling \$409,477. Unrestricted net position of the Water and Sewer Fund was \$2,913,499 at year-end, and total net position was \$15,672,360.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals approximately \$42.93 million (net of accumulated depreciation). This includes land, buildings, equipment, vehicles, infrastructure, construction in progress and more.

Additional information on the Village's capital assets can be found in the Notes to the Financial Statements, Exhibit 9.

Village of Bald Head Island's Capital Assets
(Net of depreciation)
Figure 4

	Government Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$6,053,875	\$6,052,875	\$35,000	\$35,000	\$6,088,875	\$6,087,875
Buildings	9,887,212	10,041,416	542,492	558,782	\$10,429,704	\$10,600,198
Other Improvements	2,055,153	1,499,647	5,340		\$2,060,493	\$1,499,647
Utility Systems			10,006,912	10,031,788	\$10,006,912	\$10,031,788
Furniture and Equipment	586,129	636,907	1,237,714	1,043,400	\$1,823,843	\$1,680,307
Infrastructure	10,239,262	10,542,349			\$10,239,262	\$10,542,349
Vehicles and Motorized Equipment	860,253	448,318	99,053	119,519	\$959,306	\$567,837
Right to Use Assets- Leases	113,564	56,639	20,769	33,231	134,333	89,870
Construction in Progress	355,547	287,731	831,416	384,499	\$1,186,963	\$672,230
Total	\$30,150,995	\$29,565,882	\$12,778,696	\$12,206,219	\$42,929,691	\$41,772,101

Long-term Debt

At year-end, the Village had total long-term debt of \$12,474,104, including general obligation bonds and installment purchases debt. Of this amount, \$3,571,436 is for debt service of a general obligation bond privately placed with PNC Bank in 2018 with a rate of 3.61% for 7 years. \$1,250,000 and \$750,000 are Installment Notes with PNC secured by a Deed of Trust on the Public Safety Complex. \$1,408,738 is for an Installment Note with First Bank secured by a Deed of Trust on the Contractor Services Yard. Also included is a new installment financing for an Ambulance issued during the Fiscal Year and has an outstanding balance at year end of \$361,273. The Village's debt continues to decline in accordance with amortization schedules and strategic planning. Also, The Village has \$56,300,000 in bonds authorized but unissued at June 30, 2024. 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 Village of Bald Head Island is approximately 3.8% at June 30, 2024.

Additional information regarding the Village of Bald Head Island's long-term debt can be found in Note

III.B.5 of this report.

Economic Factors and Next Year's Budgets and Rates

The Village of Bald Head Island's leadership considered many factors when setting the fiscal year 2025 budget. Key economic indicators such as growth in tourism, increased property development, and continued demand for water and sewer services played a central role in budget planning.

Revenues for FY 2025 are expected to remain strong, supported by a healthy property tax base, solid performance in sales and accommodation taxes, and steady user fees. The Village also anticipates ongoing investment income from a favorable interest rate environment, though market volatility is being closely monitored.

Budgeted expenditures for FY 2025 include funding for strategic capital improvements, continued infrastructure maintenance, and additional public safety enhancements. Planned capital initiatives include further investment in the water and sewer systems, lift station upgrades, and sidewalk improvements.

The Water and Sewer Fund is expected to remain self-sustaining. A new rate study is planned to reassess fee structures in light of evolving operational costs, regulatory changes, and long-term system needs.

Overall, the FY 2025 budget reflects the Village's commitment to responsible fiscal management, long-term planning, and delivery of high-quality services to residents and visitors alike.

Budget Highlights for the Fiscal Year Ending June 30, 2025.

Governmental Activities: Property taxes (due to development within the Village and a small tax increase) are expected to continue to lead the increase in budgeted revenue. The Village recognized increases in this key revenue in FY 24 and they are expected to continue their upwardly trend steadily over time. The Village plans to use the increased property tax revenue to fund necessary expenses associated with maintaining service levels, continued growth, and protecting the public's interest and resources.

General Fund budgeted expenditures are expected to increase by approximately \$1,543,000 in Fiscal Year 2024. This is due to planned increases in operating and personnel costs. Management believes that increased revenues and controlled spending will help to better the Village's financial position. However, unexpected increases in operating costs due to inflation rates, as well as unknown fees due to outstanding litigation, could impact the Village's financial position in the upcoming year.

Business-type Activities. A rate study of the water and sewer systems was performed in November 2012. The rate study was approved by Village Council and recommended annual increases to keep up with inflation. In FY 25, there is a planned rate increase of 5% for water services and 10% for sewer services. It is expected that this increase will result in cash flows from operations sufficient to cover the cash flows necessary to provide water and sewer service to our customers and to fulfill planned system capital improvements. The utilities department is continuing with improvements that will result in re-use quality effluent from the Village's wastewater treatment facility. The process improvements and additions will improve the quality of the effluent. The Village continues to work closely with the Bald Head Island Golf Club to use all of the re-use quality effluent for irrigation. These upgrades to the discharge capacity will allow for a future expansion of the plant to levels which should fully meet build out demands for the Island. A new rate study is planned to take place in the upcoming fiscal year.

Requests for Information

This report is designed to provide an overview of the Village'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 addressed to: Village of Bald Head Island, Office of the Finance Director, P.O. Box 3009, Bald Head Island, NC 28461. One can also call (910) 457-9700, visit our website www.villagebhi.org or send an email to zhewett@villagebhi.org for more information.

Basic Financial Statements

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF NET POSITION
June 30, 2024

EXHIBIT 1

	Primary Government		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and equivalents	525,676	205,658	731,334
Investments	6,545,665	2,034,625	8,580,290
Taxes receivable (net)	8,991	-	8,991
Accrued interest receivable on taxes	771	-	771
Accounts receivable	107,468	227,505	334,973
Due from other governmental agencies	1,530,721	145,936	1,676,657
Inventories	19,625	515,753	535,378
Prepaid expenses	14,500	2,500	17,000
Restricted assets			
Restricted cash and cash equivalents	416,832	55,016	471,848
Restricted investments	2,771,975	544,255	3,316,230
Total current assets	<u>11,942,224</u>	<u>3,731,248</u>	<u>15,673,472</u>
Non-current assets			
Right to use leased assets, net of amortization	113,564	20,769	134,333
Capital assets			
Land and improvements not being depreciated	6,409,422	866,416	7,275,838
Other capital assets, net of depreciation	23,628,009	11,891,511	35,519,520
Total capital assets	<u>30,037,431</u>	<u>12,757,927</u>	<u>42,795,358</u>
Total non-current assets	<u>30,150,995</u>	<u>12,778,696</u>	<u>42,929,691</u>
Total assets	<u>42,093,219</u>	<u>16,509,944</u>	<u>58,603,163</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	2,211,368	325,561	2,536,929
LIABILITIES			
Accounts payable and accrued expenses	515,986	261,592	777,578
Accrued interest	32,934	81	33,015
Customer deposits	62,750	-	62,750
Payable from restricted assets	68,542	-	68,542
Long-term liabilities			
Due within one year	3,540,047	53,061	3,593,108
Total current liabilities	<u>4,220,259</u>	<u>314,734</u>	<u>4,534,993</u>
Long-term liabilities			
Net pension liability	3,262,709	536,492	3,799,201
Total pension liability	802,379		802,379
Due in more than one year	4,247,920	31,496	4,279,416
Total liabilities	<u>12,533,267</u>	<u>882,722</u>	<u>13,415,989</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes			
Pension deferrals	234,582	4,722	239,304
Unearned income	299	275,701	276,000
Total deferred inflows of resources	<u>234,881</u>	<u>280,423</u>	<u>515,304</u>
NET POSITION			
Net investment in capital assets	22,694,982	12,758,861	35,453,843
Restricted for:			
Stabilization by State Statute	1,707,547		1,707,547
Economic Development	5,106,814		5,106,814
Public Safety	628,508		628,508
Education	9,735	-	9,735
Unrestricted	1,388,853	2,913,499	4,302,352
Total net position	<u>31,536,439</u>	<u>15,672,360</u>	<u>47,208,799</u>

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

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

EXHIBIT 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating Grants	Capital Grants	Governmental	Business-type	Total
		Services	and	and	Activities	Activities	
		Contributions	Contributions	Contributions			
Primary government							
Governmental activities							
General Government	4,937,144	1,253,627	4,532	227	(3,678,758)		(3,678,758)
Public Safety	4,037,651	871,131	804,806	150,000	(2,211,714)		(2,211,714)
Transportation	-	-	68,722	51,865	120,587		120,587
Environmental protection	2,672,078	-	1,208	-	(2,670,870)		(2,670,870)
Economic and Physical Development	1,259,951	135,760	445,053	-	(679,138)		(679,138)
Interest on Long-term debt	267,370	-	-	-	(267,370)		(267,370)
Total governmental activities	13,174,194	2,260,518	1,324,321	202,092	(9,387,263)		(9,387,263)
Business-type activities							
Water and Sewer Operations	3,403,342	3,203,551	218,180	409,477		427,866	427,866
Total business-type activities	3,403,342	3,203,551	218,180	409,477		427,866	427,866
Total primary government	16,577,536	5,464,069	1,542,501	611,569	(9,387,263)	427,866	(8,959,397)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					11,080,258	-	11,080,258
Other taxes					2,763,956	-	2,763,956
Unrestricted investment earnings					529,144	133,220	662,364
Miscellaneous					(126,659)	1,751	(124,908)
Total general revenues excluding special items					14,246,699	134,971	14,381,670
Total general revenues					14,246,699	134,971	14,381,670
Change in net position					4,859,436	562,837	5,422,273
Net position, beginning					26,677,003	15,109,523	41,786,526
Net position - ending					31,536,439	15,672,360	47,208,799

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

**VILLAGE OF BALD HEAD ISLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024**

EXHIBIT 3
Page 1 of 2

	<u>Major Fund</u>	<u>Non-Major Funds</u>	
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	378,375	149,131	527,506
Restricted cash	1,130,895		1,130,895
Investments	5,088,366	1,475,402	6,563,768
Restricted investments	2,037,979		2,037,979
Taxes receivable, net	8,991	-	8,991
Receivable from other governments	1,530,721	-	1,530,721
Other receivables	107,468	-	107,468
Prepaid expenses	14,500		14,500
Inventory	19,625	-	19,625
Total assets	<u>10,316,920</u>	<u>1,624,533</u>	<u>11,941,453</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	489,035	90,833	579,868
Payable to other governments	-	743	743
Payable from restricted assets	3,917		3,917
Deposits	62,750		62,750
Total liabilities	<u>555,702</u>	<u>91,576</u>	<u>647,278</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	8,990	-	8,990
Prepaid taxes	299		299
Total deferred inflows of resources	<u>9,289</u>	<u>-</u>	<u>9,289</u>
FUND BALANCES			
Non Spendable			
Prepaid expenses	14,500		14,500
Inventories	19,625		19,625
Restricted			
Stabilization by State Statute	1,707,547	-	1,707,547
Fire Protection	-	448,347	448,347
Economic Development	3,356,679	1,065,420	4,422,099
Inspections	166,757		166,757
Education		19,190	19,190
Assigned			
Unassigned	4,486,821	-	4,486,821
Total fund balances	<u>9,751,929</u>	<u>1,532,957</u>	<u>11,284,886</u>
Total liabilities, deferred inflows of resources and fund balances	<u>10,316,920</u>	<u>1,624,533</u>	<u>11,941,453</u>

VILLAGE OF BALD HEAD ISLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

EXHIBIT 3
Page 2 of 2

Total fund balance, governmental funds	11,284,886
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.	30,150,995
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Deferred outflows of resources related to pensions are not reported in the funds	2,211,368
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Other long-term assets (accrued interest receivable from taxes) are not available to pay current period expenditures and therefore are inflows of resources in the funds.	771
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Liabilities for earned revenues considered deferred inflows of resources in the fund statements.	8,990
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Some liabilities, (such as notes payable, capital lease contract payable, long-term compensated absences, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the statement of net position.

Gross long-term debt	(7,787,967)	
Net pension liability	(3,262,709)	
Total pension liability	(802,379)	(11,853,055)

Deferred inflows of resources related to pensions are not reported in the funds	(234,582)
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Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.	(32,934)
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Net position of governmental activities	31,536,439
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

EXHIBIT 4
Page 1 of 2

	<u>Major Fund</u>	<u>Non-Major Funds</u>	
	<u>General Fund</u>	<u>Total Non- Major funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	11,099,034		11,099,034
Other taxes	2,111,630		2,111,630
Unrestricted intergovernmental revenues	655,443		655,443
Restricted intergovernmental revenues	1,305,694	150,000	1,455,694
Licenses and permits	870,436		870,436
Sales and services	1,391,409	15,210	1,406,619
Investment earnings	481,305	47,839	529,144
Miscellaneous	42,002	-	42,002
Total revenues	<u>17,956,953</u>	<u>213,049</u>	<u>18,170,002</u>
 Current:			
General government	4,849,408	7,729	4,857,137
Public safety	3,659,173	558,848	4,218,021
Environmental protection	2,179,692	-	2,179,692
Economic and physical development	1,449,959	465,307	1,915,266
Debt Service:			
Principal	3,221,124	-	3,221,124
Interest and other charges	282,795	-	282,795
Total expenditures	<u>15,642,151</u>	<u>1,031,884</u>	<u>16,674,035</u>
Excess (deficiency) of revenues over expenditures	<u>2,314,802</u>	<u>(818,835)</u>	<u>1,495,967</u>
 OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt, net	-	371,400	371,400
Proceeds from capital leases	92,969	-	92,969
Transfers in	1,315,559	1,288,000	2,603,559
Transfers out	(2,475,251)	(128,308)	(2,603,559)
Total other financing sources and uses	<u>(1,066,723)</u>	<u>1,531,092</u>	<u>464,369</u>
 Net change in fund balances	1,248,079	712,257	1,960,336
Fund balances - beginning	<u>8,503,850</u>	<u>820,700</u>	<u>9,324,550</u>
 Fund balances - ending	<u>9,751,929</u>	<u>1,532,957</u>	<u>11,284,886</u>

VILLAGE OF BALD HEAD ISLAND
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

EXHIBIT 4
Page 2 of 2

Net change in fund balances - total governmental funds: 1,960,336

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay expenditures that were capitalized	1,540,219
Depreciation	(894,435)

Right to use leased asset capital outlay expenditures which were capitalized	92,969
Amortization expense for intangible assets	(36,044)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(169,461)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	570,312
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

Amount of donated assets	51,865
Change in unavailable revenue for tax revenues	(17,486)
Increase in interest receivable on property taxes	(1,290)

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

New lease proceeds	(92,969)
New long-term debt issued	(371,400)
Principal payments on long-term debt	3,221,124

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on governmental funds	15,425
Compensated absences	(23,481)
Pension expense (LGERS)	(942,492)
Net pension expense (LEO)	(43,756)

Change in net position of governmental activities	4,859,436
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2024

EXHIBIT 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	11,028,600	11,101,600	11,099,034	(2,566)
Unrestricted intergovernmental revenues	535,700	535,700	655,443	119,743
Restricted intergovernmental revenues	514,100	500,600	860,641	360,041
Licenses and permits	701,200	916,200	870,436	(45,764)
Sales and services	1,048,300	1,154,300	1,255,649	101,349
Investment earnings	180,000	336,000	329,968	(6,032)
Miscellaneous	19,100	30,100	42,002	11,902
Total revenues	14,027,000	14,574,500	15,113,173	538,673
EXPENDITURES				
Current:				
General government	5,032,700	5,381,705	4,849,408	532,297
Public safety	3,678,300	3,887,300	3,659,173	228,127
Environmental protection	2,267,300	2,413,300	2,179,692	233,608
Economic and physical development	766,700	834,700	797,441	37,259
Debt Service:				
Principal	3,177,000	3,221,780	3,221,124	656
Interest and other charges	275,000	284,715	282,795	1,920
Total expenditures	15,197,000	16,023,500	14,989,633	1,033,867
Excess (deficiency) of revenues over expenditures	(1,170,000)	(1,449,000)	123,540	1,572,540
OTHER FINANCING SOURCES (USES)				
Lease liabilities issue	-	-	92,969	(92,969)
Transfers in	1,170,000	1,295,000	1,315,559	(20,559)
Total other financing sources and uses	1,170,000	1,295,000	1,408,528	(113,528)
Fund balance appropriated	-	154,000	-	154,000
Net change in fund balances	-	-	1,532,068	(1,532,068)
Fund balances - beginning			5,579,075	
Fund balances - ending			7,111,143	
Legally budgeted Stormwater Management Fund and Beach Renourishment, Recreation and Tourism Funds are consolidated into the General Fund for reporting purposes:				
Stormwater Management Fund				
Revenue			152,108	
Expenditures			(2,552)	
Fund balances - beginning			263,193	
Beach Renourishment, Recreation and Tourism				
Revenue			2,691,672	
Expenditures			(649,966)	
Other sources			(2,475,251)	
Fund balances - beginning			2,661,582	
Fund balances - ending (Exhibit 4)			9,751,929	

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

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2024

EXHIBIT 6

	Enterprise Funds	
	<u>Water and Sewer Fund</u>	<u>Total</u>
ASSETS		
Current assets:		
Cash and cash equivalents	205,658	205,658
Investments	2,034,625	2,034,625
Accounts receivable, net	227,505	227,505
Receivables from other governments	145,936	145,936
Inventories	515,753	515,753
Prepaid expenses	2,500	2,500
Restricted assets		
Cash and cash equivalents	55,016	55,016
Investments	544,255	544,255
Total current assets	<u>3,731,248</u>	<u>3,731,248</u>
Non-current assets:		
Right to use leased assets, net of amortization	20,769	20,769
Capital assets:		
Land and construction in progress	866,416	866,416
Other capital assets, net of depreciation	11,891,511	11,891,511
Total capital assets	<u>12,757,927</u>	<u>12,757,927</u>
Total non-current assets	<u>12,778,696</u>	<u>12,778,696</u>
Total assets	<u>16,509,944</u>	<u>16,509,944</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	<u>325,561</u>	<u>325,561</u>
LIABILITIES		
Current liabilities:		
Accounts payable	249,801	249,801
Salaries payable	11,791	11,791
Accrued interest payable	81	81
Compensated absences - current	40,000	40,000
Capital lease obligation	13,061	13,061
Total current liabilities	<u>314,734</u>	<u>314,734</u>
Non-current liabilities:		
Compensated absences	24,722	24,722
Capital lease obligation	6,774	6,774
Net pension liability	536,492	536,492
Total non-current liabilities	<u>567,988</u>	<u>567,988</u>
Total liabilities	<u>882,722</u>	<u>882,722</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	4,722	4,722
Unearned income	275,701	275,701
Total deferred inflows of resources	<u>280,423</u>	<u>280,423</u>
NET POSITION		
Net investment in capital assets	12,758,861	12,758,861
Unrestricted	2,913,499	2,913,499
Total net position	<u>15,672,360</u>	<u>15,672,360</u>

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

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

EXHIBIT 7

	Enterprise Funds	
	<u>Water and Sewer</u>	
	<u>Fund</u>	<u>Total</u>
REVENUES		
Charges for services	3,203,551	3,203,551
Miscellaneous operating revenue	1,751	1,751
Total operating revenues	<u>3,205,302</u>	<u>3,205,302</u>
OPERATING EXPENSES		
Water operations	1,168,720	1,168,720
Sewer operations	1,795,317	1,795,317
Depreciation and amortization	438,386	438,386
Total operating expenses	<u>3,402,423</u>	<u>3,402,423</u>
Operating income (loss)	<u>(197,121)</u>	<u>(197,121)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	133,220	133,220
Operating grants and contributions	218,180	218,180
Interest expense	(1,252)	(1,252)
Gain on sale of assets	333	333
Total non-operating revenue (expenses)	<u>350,481</u>	<u>350,481</u>
Income (loss) before contributions and transfers	153,360	153,360
Capital contributions	409,477	409,477
Change in net position	<u>562,837</u>	<u>562,837</u>
Total net position - beginning	<u>15,109,523</u>	<u>15,109,523</u>
Total net position - ending	<u><u>15,672,360</u></u>	<u><u>15,672,360</u></u>

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

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2024

EXHIBIT 8
Page 1 of 2

	<u>Enterprise Funds</u>	
	Water & Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	3,306,368	3,306,368
Cash paid for goods and services	(2,078,138)	(2,078,138)
Cash paid to employees	(863,645)	(863,645)
Other operating revenue	1,751	1,751
Net cash provided (used) by operating activities	<u>366,336</u>	<u>366,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(1,010,863)	(1,010,863)
Principal paid on long-term debt	(12,438)	(12,438)
Interest paid on long-term debt	(1,304)	(1,304)
Contributions from customers	627,657	627,657
Proceeds from sale of assets	<u>333</u>	<u>333</u>
Net cash provided (used) for capital and related financing activities	<u>(396,615)</u>	<u>(396,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	133,220	133,220
Investments purchased	<u>(610,310)</u>	<u>(610,310)</u>
Net cash provided (used) for investing activities	<u>(477,090)</u>	<u>(477,090)</u>
Net increase (decrease) in cash and cash equivalents	(507,369)	(507,369)
Cash and cash equivalents at beginning of year	<u>768,043</u>	<u>768,043</u>
Cash and cash equivalents at end of year	<u><u>260,674</u></u>	<u><u>260,674</u></u>

VILLAGE OF BALD HEAD ISLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2024

EXHIBIT 8
Page 2 of 2

	<u>Enterprise Funds</u>	
	<u>Water & Sewer Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	<u>(197,121)</u>	<u>(197,121)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	438,386	438,386
Changes in assets, deferred outflows, and liabilities:		
(Increase) decrease in accounts receivable	230	230
(Increase) decrease in receivable from other governments	(145,936)	(145,936)
(Increase) decrease in inventory	(58,209)	(58,209)
Increase in deferred outflows of resources - pensions	(67,432)	(67,432)
Increase in net pension liability	131,982	131,982
Decrease in deferred inflows of resources - pensions	(3,151)	(3,151)
Increase (decrease) in accounts payable	155,308	155,308
Increase (decrease) in accrued wages	1,205	1,205
Increase (decrease) in accrued vacation	8,487	8,487
Increase (decrease) in unearned income	<u>102,587</u>	<u>102,587</u>
Total adjustments	<u>563,457</u>	<u>563,457</u>
Net cash provided (used) by operating activities	<u><u>366,336</u></u>	<u><u>366,336</u></u>

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

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

EXHIBIT 9
Page 1 of 31

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Bald Head Island, North Carolina 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 Village of Bald Head Island is a municipal corporation governed by an elected mayor and a four-member council.

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. These statements distinguish between the governmental and business-type activities of the Village. 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 business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific 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 and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a specific 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 Village's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

The Village reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Village. 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, federal and State grants, and various other taxes and licenses. The primary expenditures are for administration, public safety, shoreline maintenance and public works services. Additionally, the Village has legally adopted the Stormwater Management Fund and the Beach Renourishment, Recreation and Tourism Fund. Under GASB 54 guidance the Stormwater Management Fund and the Beach Renourishment, Recreation and Tourism Fund are consolidated in the General Fund. The budgetary comparison for the Stormwater Management Fund and the Beach Renourishment, Recreation and Tourism Fund have been included in the supplemental information.

The Village reports the following non-major governmental funds:

Contractor Services and Public Works Redesign Capital Project Fund. This fund is used to account for the construction of improvements to the Contractor Services and Public Works facilities and campus. This fund was closed out during the current year.

New Village Hall Capital Project Fund. This fund is used to account for the construction of a new village hall. This project was abandoned, and the fund was closed out during the current year.

Ladder Truck Acquisition Capital Project Fund. This fund is used to account for the construction of a new ladder fire truck.

Jay Bird Shoals Dredging Capital Project Fund. This fund is used to account for the construction of a beach erosion prevention project.

Viper Radios Capital Project Fund. This fund is used to account for the acquisition of a new viper radio system.

ARP Grant Fund. This fund accounts for the transactions related to the American Rescue Plan Funds. This fund was closed out during the current year.

Fines and Forfeitures Special Revenue Fund. This fund accounts for various legal fines and forfeitures that the Village is required to remit to the Brunswick County Board of Education.

The Village reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Village's water and sewer operations. Additionally, the Village has legally adopted the Wastewater Treatment Upgrades Project Fund, the Lift Station Upgrade Capital Project Fund, the Lift Station Upgrade Phase II Capital Project Fund, the Water/Wastewater Capital Improvement Capital Project Fund, the AIA Grant Fund- Water and the AIA Grant Fund- Wastewater. These funds are budgeted separately but consolidated into the Water & Sewer Fund for reporting purposes. The budgetary comparison for these funds has been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Village 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. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer 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 non-operating revenues and expenses.

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

The Village 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 for limited registrations plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year end on behalf of the Village are recognized as revenue. Sales taxes are considered a shared revenue for the Village of Bald Head Island because the tax is levied by Brunswick County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursements 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 Village's policy to first apply cost-reimbursement grant resources to such programs followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Village's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Stormwater Management Fund, the Beach Renourishment, Recreation and Tourism Fund, the Fines and Forfeitures Special Revenue Fund and the Water and Sewer Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for all the Capital Projects Funds and the ARP Grant Special Revenue Fund. The Wastewater Treatment Upgrades Project Fund, the Lift Station Upgrade Capital Project Fund, the Lift Station Upgrade Phase II Capital Project Fund, the Water/Wastewater Capital Improvement Capital Project Fund, the AIA Grant Fund- Water and the AIA Grant Fund- Wastewater are consolidated with the Water and Sewer Fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing Board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Village are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Village 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, the North Carolina Capital Management Trust (NCCMT), the North Carolina Investment Pool (NCIP) and the North Carolina Cooperative Liquid Assets Security System (North Carolina CLASS). The Village's investments are reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAAmf by Moody's Investor Services and reported at fair value.

The North Carolina Cooperative Liquid Assets Security System (NC CLASS) is an investment pool authorized by North Carolina General Statutes 159-30(c)(10) and was established by an Interlocal Agreement dated March 1, 2023, as amended, by the local governments pursuant to Section 160A-460 through Section 160A-464. The investments within North Carolina CLASS are limited to those qualifying for investment under Section 159-30(c). North Carolina CLASS has been rated AAAm by S&P.

2. Cash and Cash Equivalents

The Village pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Village before any services are supplied are restricted to the service for which the deposit was collected. Inspection fees are classified as restricted cash because they can only be expended for the purposes outlined in G.S. 160A-414. Accommodation taxes are classified as restricted cash because they can only be expended for the purposes outlined in S.L. 1993-617. Fines due to the school are restricted to the county for which the fine was collected [G.S. 115C-437]. Money in the Stormwater Management Fund is classified as restricted assets because its use is restricted to the Stormwater Management Fund per NC G.S. Chapter 159, Article 3, Part 2. Cash and investments in the Beach Renourishment, Recreation and Tourism Fund are classified as restricted because they represent unspent accommodation tax receipts. Funds received in advance for the Federal American Rescue Plan (ARP) are classified as restricted because their use is restricted to COVID-19 relief and economic recovery. Funds in proprietary capital projects and grant funds are restricted when the fund is integrated into the proprietary fund.

Village of Bald Head Island Restricted Cash and Investments

Governmental Activities

General Fund

Customer Deposits	\$ 62,750
Accommodation Taxes	715,893
Inspection Fees	166,757
Fines owed to School System- Cash	1,830
Fines owed to School System- Investments	18,103
Beach Renourishment, Recreation & Tourism- Cash	148,686
Beach Renourishment, Recreation & Tourism- Investments	512,892
Stormwater Management - Cash	36,809
Stormwater Management - Investments	<u>364,169</u>

Total governmental activities \$ 2,027,889

Business-type Activities

Water and Sewer Fund

Wastewater Treatment Upgrade- Cash	\$ 1,109
Wastewater Treatment Upgrade- Investments	10,965
Lift Station Upgrade- Cash	2,465
Lift Station Upgrade- Investments	24,386
Lift Station Upgrade Phase II- Cash	44,987
Lift Station Upgrade Phase II- Investments	445,067
Water/Wastewater Capital Improvement- Cash	6,453
Water/Wastewater Capital Improvement- Investments	63,837
AIA Grant Fund- Water- Cash	1
AIA Grant Fund- Wastewater- Cash	<u>1</u>

Total business-type activities \$ 599,271

Total Restricted Cash and Investments \$ 2,627,160

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

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. Inventory and Prepaid Items

The inventory of the Village is valued at cost (first-in, first-out), which approximates market. The inventory of the Village'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 Activities the cost of these inventories is expensed as the items are used.

The inventories of the Village's enterprise fund consist of materials and supplies held for subsequent use. The cost of this inventory is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. 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 two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$5,000. 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 cost. All other purchased or constructed capital assets are recorded at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consisted mainly of road networks, and were not recorded, because the Village is a Phase III entity under GASB 34, and not required to report those assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives 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 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	20-25
Vehicles	6-15
Furniture and equipment	3-10
Computer equipment	3
Computer software	5

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion, pension deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has several items that meet the criterion for this category – property taxes receivable, unavailable revenues (reported only on Balance Sheet of the Governmental Funds) and pension deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Village provides for the accumulation of up to 240 hours (258 hours for public safety) earned vacation leave with such leave being fully vested when earned. At the beginning of each calendar year, leave balances in excess of 240 hours (or 258 hours for public safety) may be converted to the employee's sick leave benefit account for retirement purposes only. For the Village'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 Village 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 Village'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 Village does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance- This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources

Prepaid expenses- portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid expense, 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 Economic Development – portion of fund balance restricted for economic development due to the source of funding for Beach Renourishment, Recreation and Tourism and Stormwater Management [G.S. 159, Article 3, Part 2].

Restricted for Inspections – portion of fund balance restricted for the inspections department by revenue source for the Development Services department [G.S. 160A-414].

Restricted for Fire Protection – portion of fund balance restricted for the public safety department by revenue source for Ladder Truck Acquisition [G.S. 159, Article 3, Part 2].

Restricted for Education – portion of fund balance that consists of fines and forfeitures that must be paid to the Brunswick County Board of Education [G.S. 115C-437].

Committed Fund Balance- portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Village of Bald Head Island’s governing body (highest level of decision making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance- the portion of fund balance that Village of Bald Head Island intends to use for specific purposes.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the budget officer to modify appropriations by resource or appropriation and report any amendments to the Village Council at the regular monthly meeting following the month in which such amendments are made.

Unassigned Fund Balance- the portion of fund balance that has not been restricted, committed, or assigned to a specific purpose or other funds.

The Village of Bald Head Island has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Village funds, Village 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 Director has the authority to deviate from this policy if it is in the best interest of the Village.

12. 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 Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Village of Bald Head Island's employer contributions are recognized when due and the Village of Bald Head Island 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Noncompliance with North Carolina General Statutes

N.C. General Statute 159-34 requires the Village to have an audit as soon as possible after the close of the fiscal year. The audit report was issued seven months after the required due date of October 31, 2024. The late filing was due to the Village being unable to collect all data to properly report their capital outlay and lease obligations. This is a repeat finding from the prior year. Management is in the process of evaluating policies and procedures and expects this to be resolved before the next audit cycle.

B. Contractual Violations

None

C. Deficit in Fund Balance or Net Position of Individual Funds

None

D. Excess of Expenditures over Appropriations

None

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Village are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Village's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agents in their 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 Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village under the Pooling Method, the potential exists for under-collateralization. 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 Village has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Village's deposits had a carrying amount of \$1,202,682 and a bank balance of \$1,623,666. Of the bank balance, \$263,082 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The Village has no formal policy regarding custodial credit risk for deposits. At June 30, 2024, the Village's petty cash fund totaled \$500.

2. Investments

At June 30, 2024, the Village's investment balances were as follows:

Investment Type	Valuation	Book Value at 6/30/24	Maturity	Rating
	Measurement Method			
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	3,682,326	N/A	AAAm
NC CLASS	Fair Value Level 1	4,024,692	N/A	AAAm
North Carolina Investment Pool	NAV	<u>4,189,502</u>	N/A	AAAm
Total		<u>11,896,520</u>		

All investments, except the position in the North Carolina Investment Pool (NCIP), 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 are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

NCIP is a comingled local government investment pool established to invest idle funds in various short-term investments in accordance with G.S. 159-30 and is administered by a statutorily compliant trust for benefit of the local governments and governed by a board of trustees comprised of representatives of those units of local government. The NCIP investment objective is to earn a high rate of return while preserving principal, providing liquidity and seeking a stable net asset value (NAV) of \$1 per share. The NCIP is rated AAAm by Standard & Poors Global Ratings and AAAMmf by Fitch Ratings.

Interest Rate Risk. The Village has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's internal investment policy limits at least half of the Village's investment portfolio to maturities of less than 12 months. Also, the Village's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit risk. The Village has no formal policy regarding credit risk but has internal management procedures that limits the Village's 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.

The Village's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2024. The Village's investment in the North Carolina Cooperative Liquid Assets Security Systems carried a credit rating of AAAM by Standard and Poors. The North Carolina Investment Pool carried an AAAM credit rating by Standard and Poor's (S&P) and AAAMmf by Fitch Ratings as of June 30, 2024.

Custodial credit risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no formal policy on custodial credit risk, but management procedures are that the Village shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the Village's name.

Concentration of Credit Risk. The Village limits the investments to the safest type of securities, pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors and diversifying the investment portfolio so that potential losses on individual securities would be minimized.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2024 are not presented net of allowances for doubtful accounts. Experience has shown that amounts charged off are immaterial.

4. Capital Assets

Primary Government

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

	Beginning Balances	Reclassi- fications	Increases	Decreases	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	6,052,875	-	1,000	-	6,053,875
Construction in progress	287,731	(128,764)	355,414	158,834	355,547
Total capital assets not being depreciated	6,340,606	(128,764)	356,414	158,834	6,409,422
Capital assets being depreciated					
Buildings	11,572,055	-	78,448	-	11,650,503
Other improvements	2,320,057	128,764	528,600	-	2,977,421
Vehicles and motorized equipment	1,641,679	-	486,671	25,502	2,102,848
Furniture and equipment	1,527,316	-	64,004	-	1,591,320
Infrastructure	13,643,319	-	77,947	-	13,721,266
Total capital assets being depreciated	30,704,426	128,764	1,235,670	25,502	32,043,358
Less accumulated depreciation for:					
Buildings	1,530,639	-	232,652	-	1,763,291
Other improvements	820,410	-	101,858	-	922,268
Vehicles and motorized equipment	1,193,361	-	64,109	14,875	1,242,595
Furniture and equipment	890,409	-	114,782	-	1,005,191
Infrastructure	3,100,970	-	381,034	-	3,482,004
Total accumulated depreciation	7,535,789	-	894,435	14,875	8,415,349
Total capital assets being depreciated, net	23,168,637				23,628,009
Capital assets being amortized					
Leased vehicles	79,977		92,969	11,881	161,065
Leased equipment	15,309	-	-	-	15,309
Total capital assets being amortized	95,286	-	92,969	11,881	176,374
Less accumulated amortization for:					
Leased vehicles	36,992	-	31,079	11,881	56,190
Leased equipment	1,655	-	4,965	-	6,620
Total accumulated amortization	38,647	-	36,044	11,881	62,810
Total capital assets being amortized, net	56,639				113,564
Governmental activity capital assets, net	29,565,882				30,150,995

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	82,533
Public safety	251,262
Public works	596,684
Total depreciation expense	930,479

Business-type activities:	Beginning	Reclassi-			Ending
<i>Utilities Fund</i>	Balances	fications	Increases	Decreases	Balances
Capital assets not being depreciated:					
Land	35,000	-	-	-	35,000
Construction in progress	384,499	-	446,917	-	831,416
Total capital assets not being depreciated	419,499	-	446,917	-	866,416
Capital assets being depreciated					
Buildings	782,049		-		782,049
Other improvements	-	-	5,500	-	5,500
Utility systems	14,149,889	-	263,605		14,413,494
Vehicles and motorized equipment	276,176		-	5,000	271,176
Furniture and equipment	1,486,909	-	294,841	-	1,781,750
Total capital assets being depreciated	16,695,023	-	563,946	5,000	17,253,969
Less accumulated depreciation for:					
Buildings	223,267		16,290		239,557
Other improvements	-	-	160	-	160
Utility systems	4,118,101		288,481		4,406,582
Vehicles and motorized equipment	156,657		20,466	5,000	172,123
Furniture and equipment	443,509	-	100,527	-	544,036
Total accumulated depreciation	4,941,534	-	425,924	5,000	5,362,458
Total capital assets being depreciated, net	11,753,489				11,891,511
Capital assets being amortized					
Leased vehicles	55,789		-	17,365	38,424
Leased equipment	-	-	-	-	-
Total capital assets being amortized	55,789	-	-	17,365	38,424
Less accumulated amortization for:					
Leased vehicles	22,558	-	12,462	17,365	17,655
Leased equipment	-	-	-	-	-
Total accumulated amortization	22,558	-	12,462	17,365	17,655
Total capital assets being amortized, net	33,231				20,769
Business-type activities capital assets, net	12,206,219				12,778,696

Constructions commitments

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

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining commitment</u>
Jay Bird Shoals	613,358	381,025
Wastewater Treatment Upgrades	227,000	-
Lift Station Upgrades	480,400	7,600
Lift Station Upgrades II	77,000	421,500
Total	1,397,758	810,125

B. Liabilities

1. Pension Plan Obligation

a. Local Governmental Employees' Retirement System

Plan Description. The Village of Bald Head Island 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 the State Superintendent, who serves as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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. Village of Bald Head Island employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Bald Head Island's contractually required contribution rate for the year ended June 30, 2024, was 14.10% of compensation for law enforcement officers and 12.85% 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 Village of Bald Head Island were \$681,365 for the year ended June 30, 2024.

Refunds of Contributions – Village employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2024, the Village reported a liability of \$3,799,201 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension asset was based on a projection of the Village'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, 2023, the Village's proportion was 0.05736%, which was a decrease of 0.00900% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Village recognized pension expense of \$1,058,048. At June 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	434,344	9,114
Changes of assumptions	161,444	
Net difference between projected and actual earnings on pension plan investments	1,016,833	
Changes in proportion and differences between Village contributions and proportionate share of contributions	18,616	29,976
Village contributions subsequent to the measurement date	<u>681,365</u>	
Total	<u><u>2,312,602</u></u>	<u><u>39,090</u></u>

\$681,365 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	574,705
2026	279,648
2027	683,796
2028	<u>42,998</u>
Total	<u><u>1,581,147</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. 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 Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Village'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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Village's proportionate share of the net pension liability (asset)	6,581,967	3,799,201	1,508,168

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 for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description

The Village of Bald Head Island administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the Village's qualified sworn law enforcement officers under the age of 62 who have completed at least 30

years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Village are covered by the Separation Allowance. At December 31, 2022, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>22</u>
Total	22

(2) Summary of Significant Accounting Policies

Basis of Accounting – The Village 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 and refunds 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 following criteria which are outlined in GASB Statement 73.

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is the S&P Municipal Bond 20 Year High Grade Index as of December 31, 2022.

Mortality rates are based are projected from 2010 using generational improvement with Scale MP-2019.

(4) Contributions

The Village 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. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by

the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Village paid \$14,457 as benefits came due for the reporting period.

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

At June 30, 2024, the Village reported a total pension liability of \$802,379. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Village recognized pension expense of \$126,150.

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	106,045	54,735
Changes of assumptions	114,825	145,479
Village benefit payments and administrative expense made subsequent to the measurement date	<u>14,457</u>	<u></u>
Total	<u><u>235,327</u></u>	<u><u>200,214</u></u>

\$14,457 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	51,053
2026	31,809
2027	1,291
2028	(29,296)
2029	(32,648)
Thereafter	<u>(1,553)</u>
	<u><u>20,656</u></u>

Sensitivity of the Village's total pension liability to changes in the discount rate. The following presents the Village's total pension liability calculated using the discount rate of 4.00 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00 percent) or 1-percentage point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension Liability	880,400	802,379	731,995

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

Beginning balance	758,623
Service cost	40,479
Interest on the total pension liability	32,332
Differences between expected and actual experience in the measurement of the total pension liability	(33,079)
Changes of assumptions or other inputs	20,922
Benefit payments	<u>(16,898)</u>
Ending balance of the total pension liability	<u><u>802,379</u></u>

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employees' Retirement System for the period January 1, 2015 through December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	1,058,048	126,150	1,184,198
Pension liability	3,799,201	802,379	4,601,580
Proportionate share of net pension liability	0.05736%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	423,344	106,045	529,389
Changes of assumptions	161,444	114,825	276,269
Net difference between projected and actual earnings on plan investments	1,016,833	-	1,016,833
Changes in proportion and differences between contributions and proportionate share of contributions	18,616	-	18,616
Benefit payments and administrative costs paid subsequent to measurement date	681,365	14,457	695,822
Total	<u>2,301,602</u>	<u>235,327</u>	<u>2,536,929</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	9,114	54,735	63,849
Changes of assumptions	-	145,479	145,479
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,976		29,976
Total	<u>39,090</u>	<u>200,214</u>	<u>239,304</u>

c. Supplemental Retirement Income Plan

Plan Description – The Village 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 Village. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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 Village 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. The Village has elected to allow employees not engaged in law enforcement to participate in the Supplemental Retirement Income Plan. In addition to the required contribution, the Village also matches employee elective

contributions up to four percent. The Village made total contributions of \$388,176 for the year ended June 30, 2024. No amounts were forfeited.

d. Other Employment Benefits

The Village has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Village, the Village does not determine the number of eligible participants. The Village has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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 law enforcement officers. The Village considers these contributions to be immaterial.

2. Risk Management

The Village 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 Village participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability coverage of \$5 million per occurrence, auto liability coverage of \$5 million per occurrence, police professional and public officers liability coverage of \$5 million per occurrence with a \$5 million aggregate, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. 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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance and excess loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

The Village carries commercial coverage for health insurance and all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Village carries flood insurance through the National Flood Insurance Plan (NFIP). Because a portion of the Village is in an area of the State that has been mapped and designated an "AE" area (an area with at least a 1 percent annual chance of flooding) by the Federal Emergency Management Agency, the Village is eligible to purchase coverage of \$500,000 per structure through the NFIP.

In accordance with G.S. 159-29, the Village's employees that have access to \$100 or more at any given time of the Village's funds are performance bonded through a commercial surety bond. The finance director is bonded for \$1,000,000 and the tax collector is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for employee dishonesty of \$10,000 per occurrence and for theft of money or securities of \$5,000 per occurrence.

3. Claims, Judgments and Contingent Liabilities

At June 30, 2024, the Village was a defendant to various lawsuits. In the opinion of the Village's management and the Village attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Village's financial position.

4. Long-Term Obligations

- a. Leases: The Village 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.

The first agreement was executed on February 1, 2023, to lease three golf carts and requires 36 monthly payments of \$1,145. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.9%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$20,769 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

The second agreement was executed on April 1, 2023, to lease one golf cart and requires 36 monthly payments of \$386. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.9%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$7,692 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

The third agreement was executed on June 1, 2023, to lease two golf carts and requires 36 monthly payments of \$683. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.9%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$14,871 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

The fourth agreement was executed on March 1, 2023, to lease five copiers and requires 36 monthly payments of \$488. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 9.65%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$8,689 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

The fifth agreement was executed on January 1, 2024, to lease three golf carts and requires 36 monthly payments of \$1,163. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5.9%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$32,226 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

The sixth agreement was executed on April 1, 2024, to lease three golf carts and requires 36 monthly payments of \$1,149. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 6.9%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$34,441 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

The seventh agreement was executed on April 1, 2024, to lease one golf cart and requires 36 monthly payments of \$534. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 8.5%, which is the implicit rate in the lease agreement. As a result of the lease, the Village has recorded a right to use asset with a net book value of \$15,646 at June 30, 2024. The right to use asset is discussed in more detail in the Intangible Asset section III.A.4 of this note.

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

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	46,582	6,238	52,820	13,061	681	13,742
2026	45,942	3,088	49,030	6,774	97	6,871
2027	22,042	612	22,654	-	-	-
Total	114,566	9,938	124,504	19,835	778	20,613

- b. Installment Purchases: The Village has entered into installment purchase contracts to finance the acquisition and renovation of various land, facilities and equipment. The installment purchase contracts are outlined as follows:

General Fund

On December 12, 2016 the Village entered into a direct borrowing installment purchase contract in the amount of \$5,000,000 with PNC Bank, National Association for the construction of the new public safety building. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires quarterly principal payments of \$125,000 beginning in fiscal year 2017 with an annual interest of 2.34%.

On January 12, 2017 the Village entered into a direct borrowing installment purchase contract in the amount of \$3,000,000 with PNC Bank, National Association for additional construction on the new public safety building. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires quarterly principal payments of \$75,000 beginning in fiscal year 2017 with an annual interest of 2.82%.

On September 22, 2021 the Village entered into a direct borrowing installment purchase contract in the amount of \$1,680,000 with First Bank to finance the contractor services and public works campus redesign project. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires quarterly principal payments of \$32,519 beginning in fiscal year 2022 with an annual interest of 1.99%.

On February 22, 2024 the Village entered into a direct borrowing installment purchase contract in the amount of \$371,400 with PNC Bank, National Association to finance the purchase of a new ambulance. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires quarterly principal payments of \$11,715 beginning in fiscal year 2024 with an annual interest of 4.46%.

Annual debt service payments of the installment purchases as of June 30, 2024, including \$337,914 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	933,693	86,085
2026	937,193	62,425
2027	540,800	39,918
2028	144,517	32,421
2029	148,348	28,590
2030-2034	779,955	81,306
2035-2039	285,505	7,169
Total	3,770,011	337,914

c. General Obligation Indebtedness

The Village's general obligation bonds serviced by the governmental funds were issued to finance the beach stabilization project. The general obligation bonds are being retired by ad valorem tax revenues generated from special tax districts and accommodation tax revenues and are reported as long-term debt in the General Fund. The general obligation bonds are collateralized by the full faith, credit and taxing power of the Village. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2024 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund

\$13,200,000 Beach Improvement Bonds, series 2018 due in quarterly installments of \$614,182, including principal and interest at 3.61% through December 2025.

3,571,436
3,571,436

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	2,359,502	97,227
2026	1,211,934	16,430
Total	3,571,436	113,657

At June 30, 2024, the Village of Bald Head Island had a legal debt margin of \$146,755,393.

d. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion of Balance
Governmental activities:					
General obligation bond	5,847,648		2,276,212	3,571,436	2,359,502
Direct borrowing installment purchases	4,309,043	371,400	910,432	3,770,011	933,693
Lease liabilities	56,077	92,969	34,480	114,566	46,852
Compensated absences	308,473	228,024	204,543	331,954	200,000
Net pension liability (LGERS)	2,780,640	482,069		3,262,709	-
Net pension obligation (LEO)	758,623	93,733	49,977	802,379	-
Governmental activity long-term liabilities	<u>14,060,504</u>	<u>1,268,195</u>	<u>3,475,644</u>	<u>11,853,055</u>	<u>3,540,047</u>
Business type activities:					
Lease liabilities	32,273	-	12,438	19,835	13,061
Compensated absences	56,235	41,774	33,287	64,722	40,000
Net pension liability (LGERS)	<u>404,510</u>	<u>131,982</u>	<u>-</u>	<u>536,492</u>	<u>-</u>
Business-type activity long-term liabilities	<u>493,018</u>	<u>173,756</u>	<u>45,725</u>	<u>621,049</u>	<u>53,061</u>

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2024, consist of the following:

From the Beach Renourishment, Recreation and Tourism Fund to the General Fund	1,187,251
From the Beach Renourishment, Recreation and Tourism Fund to the Jay Bird Shoals Dredging Project Fund	1,288,000
From the Contractor Services and Public Works Redesign Project Fund to the General Fund	54,879
From the New Village Hall Project Fund to the General Fund	71,517
From the ARP Grant Fund to the General Fund	
	<u>1,912</u>
Total	<u>2,603,559</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

The transfers from the Beach Renourishment, Recreation and Tourism Fund to the General Fund were transfers of Accommodation tax revenue needed to fund the Shoreline Protection department service the GO bond debt per the budget ordinance.

The transfers from the Beach Renourishment, Recreation and Tourism Fund to the Jay Bird Shoals Dredging Project Fund were transfers to fund construction costs of the beach nourishment project.

The transfer from the Contractor Services and Public Works Redesign Project Fund to the General Fund was a one-time transfer to close the project fund.

The transfer from the New Village Hall Project Fund to the General Fund was a one-time transfer to close the project fund.

The transfer from the ARP Grant Fund to the General Fund was a one-time transfer to close the grant fund.

D. On-Behalf Payments for Fringe Benefits and Salaries

The Village has recognized as a revenue and expenditure, on behalf payments for fringe benefits and salaries of \$8,233 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2024. Under State law, the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	30,037,431	12,373,428
Lease assets	113,564	20,769
Less: long term debt	7,341,447	-
Less: lease liabilities	<u>114,566</u>	<u>19,835</u>
Net investment in capital asset	<u>22,694,982</u>	<u>12,374,362</u>

F. 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	<u>\$9,751,929</u>
Less:	
Prepaid expenses	14,500
Inventories	19,625
Stabilization by State Statute	1,707,547
Economic Development	3,356,679
Inspections	166,757
Remaining Fund Balance	4,486,821

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

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-major Funds</u>
	\$69,656	\$2,813,431

IV. JOINTLY GOVERNED ORGANIZATIONS

Cape Fear Council of Governments

The Village, in conjunction with four counties and thirty-two other municipalities established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Village paid membership fees of \$351 to the Council during the fiscal year ended June 30, 2024.

Bald Head Island Transportation Authority

The Village in conjunction with the City of Southport and Brunswick County established the Bald Head Island Transportation Authority. The purpose of the authority is to provide reliable and safe public ferry transportation services in its service area. The Village of Bald Head Island appoints one member to the board of trustees. The Mayor and Mayor Pro Tempore of the Village of Bald Head Island serve as ex officio voting members of the board. One member of the board is appointed by the Governor of North Carolina, two members by the North Carolina General Assembly, three members by the Secretary of the North Carolina Department of Transportation, one member by Brunswick County and one member by the City of Southport. The Village is not obligated to furnish any funds to the Authority, but has made contributions in prior years. During the year ended June 30, 2024, the Village made no contributions to the Authority. The participating governments do not have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2024. Complete financial information can be obtained from the Authority at 1029 N. Howe Street, Southport, NC 28461.

V. JOINT VENTURES

Firemen's Relief Fund

The Village and the members of the Village's Public Safety department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Village obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Village's fire department by the board of trustees. During the fiscal year ended June 30, 2024, the Village reported revenues and expenditures for the payments of \$8,233 made through the Firemen's Relief Fund. 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, 2024. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Village has received proceeds from 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.

VII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Events occurring after June 30, 2024 were evaluated by management on April 30, 2025 to ensure that any subsequent events that met the criteria for recognition and/or disclosure in these financial statements have been included.

Required
Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement System
- Schedule of Contributions – Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
VILLAGE OF BALD HEAD ISLAND'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Village of Bald Head Island's proportion of the net pension liability (asset) (%)	0.05736%	0.05646%	0.05828%	0.05608%	0.05454%	0.05032%	0.05379%	0.05638%	0.05336%	0.05458%
Village of Bald Head Island's proportion of the net pension liability (asset) (\$)	3,799,201	3,185,150	893,780	2,003,977	1,489,445	1,193,762	821,762	1,196,576	239,476	(321,884)
Village of Bald Head Island's covered-employee payroll	4,738,557	4,110,430	3,890,250	3,786,406	3,476,233	3,128,062	3,030,523	3,010,950	2,626,893	2,612,413
Village of Bald Head Island's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	80.18%	77.49%	22.97%	52.93%	42.85%	38.16%	27.12%	39.74%	9.12%	(12.32%)
Plan fiduciary net position as a percentage of the total pension liability	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
VILLAGE OF BALD HEAD ISLAND'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required Contribution	681,365	551,134	479,959	406,405	350,863	279,424	243,270	227,594	204,876	189,469	186,326
Contributions in relation to the contractually required contribution	681,365	551,134	479,959	406,405	350,863	279,424	243,270	227,594	204,876	189,469	186,326
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-	-
Village of Bald Head Island's covered-employee payroll	5,134,494	4,738,557	4,110,430	3,890,250	3,786,406	3,476,233	3,128,062	3,030,523	3,010,950	2,626,893	2,612,413
Contributions as a percentage of covered-employee payroll	13.27%	11.63%	11.68%	10.45%	9.27%	8.04%	7.78%	7.51%	6.80%	7.21%	7.13%

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
JUNE 30, 2024

EXHIBIT A-3

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	758,623	893,036	796,618	368,906	218,726	187,620	126,210	108,672
Service cost	40,479	62,817	66,516	42,439	31,054	25,848	19,064	17,605
Interest on the total pension liability	32,332	20,079	15,270	11,818	7,703	5,744	4,806	3,866
Difference between expected and actual experience in the measurement of the total pension liability	(33,079)	(37,399)	56,752	141,380	110,155	22,542	25,649	-
Changes of assumptions or other inputs	20,922	(178,663)	(31,314)	244,834	15,459	(11,330)	15,276	(3,152)
Benefit payments	<u>(16,898)</u>	<u>(1,247)</u>	<u>(10,806)</u>	<u>(12,759)</u>	<u>(14,191)</u>	<u>(11,698)</u>	<u>(3,385)</u>	<u>(781)</u>
Ending balance of the total pension liability	<u>802,379</u>	<u>758,623</u>	<u>893,036</u>	<u>796,618</u>	<u>368,906</u>	<u>218,726</u>	<u>187,620</u>	<u>126,210</u>

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

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL ALLOWANCE
LAST EIGHT FISCAL YEARS

EXHIBIT A-4

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	802,379	758,623	893,036	796,618	368,906	218,726	187,620	126,210
Covered payroll	1,762,249	1,832,899	1,667,981	1,677,950	1,327,100	1,123,876	1,031,058	799,951
Total pension liability as a percentage of covered payroll	45.53%	41.39%	53.54%	47.48%	27.80%	19.46%	18.20%	15.78%

Notes to the schedules:

The Village of Bald Head Island has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Supplementary Statements

VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023

EXHIBIT B-1
Page 1 of 7

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Ad valorem taxes				
Current year	11,058,600	11,054,326	(4,274)	9,015,933
Prior year	23,000	25,835	2,835	15,268
Penalties and interest	20,000	18,873	(1,127)	13,729
Total	<u>11,101,600</u>	<u>11,099,034</u>	<u>(2,566)</u>	<u>9,044,930</u>
Unrestricted intergovernmental				
Local option sales tax	126,100	126,164	64	120,569
Utility franchise tax	403,600	524,742	121,142	431,499
Beer and wine	1,000	1,420	420	1,278
CAMA - State portion	1,100	695	(405)	935
Intergovernmental revenue	<u>3,900</u>	<u>2,422</u>	<u>(1,478)</u>	<u>2,218</u>
Total	<u>535,700</u>	<u>655,443</u>	<u>119,743</u>	<u>556,499</u>
Restricted intergovernmental				
Powell Bill allocation	54,200	54,400	200	49,033
Solid waste disposal tax	100	227	127	227
FEMA reimbursement	-	363,900	363,900	-
Mosquito control	1,000	1,208	208	2,614
Grant revenue	135,000	134,173	(827)	69,337
Fireman's Relief Fund	11,800	8,233	(3,567)	11,800
Brunswick County - fire and rescue	<u>298,500</u>	<u>298,500</u>	<u>-</u>	<u>298,500</u>
Total	<u>500,600</u>	<u>860,641</u>	<u>360,041</u>	<u>431,511</u>
Permits and fees				
Building permits	179,000	164,300	(14,700)	139,949
Commercial Review Board frnd	20,000	7,400	(12,600)	-
Permits - Special Use/Other	5,000	-	(5,000)	1,650
Daily vehicle permits	277,000	271,435	(5,565)	184,045
Annual vehicle permits	272,300	269,670	(2,630)	221,300
Golf cart registration	107,800	106,170	(1,630)	67,480
EMS fees	22,000	18,111	(3,889)	17,047
Creek access permits	<u>33,100</u>	<u>33,350</u>	<u>250</u>	<u>34,250</u>
Total	<u>916,200</u>	<u>870,436</u>	<u>(45,764)</u>	<u>665,721</u>
Sales and services				
Sale of assets	15,000	17,232	2,232	3,962
Sale of gas and diesel	40,600	45,268	4,668	55,524
Contractor Services Sales	535,300	602,354	67,054	625,132
PW - Bulk Pickup/Drop Off Fees	23,000	19,800	(3,200)	13,045
Island Parcel Center Receipts	438,700	474,954	36,254	348,208
Marina park lease	6,400	8,000	1,600	4,900
Marina park boat slip rentals	8,800	8,063	(737)	8,436
Island Parcel Center Interdepartmental	4,000	884	(3,116)	1,041
Post office operations	<u>82,500</u>	<u>79,094</u>	<u>(3,406)</u>	<u>77,349</u>
Total	<u>1,154,300</u>	<u>1,255,649</u>	<u>101,349</u>	<u>1,137,597</u>
Investment earnings				
Interest earned	<u>336,000</u>	<u>329,968</u>	<u>(6,032)</u>	<u>175,495</u>
Total	<u>336,000</u>	<u>329,968</u>	<u>(6,032)</u>	<u>175,495</u>

**VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023**

EXHIBIT B-1
Page 2 of 7

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Miscellaneous				
Fines	-	-	-	-
Insurance reimbursements	-	406	406	5,327
Donations	4,000	14,322	10,322	35,101
Donations - Pollinator Garden	4,000	4,532	532	-
Special events	14,100	12,563	(1,537)	20,096
Miscellaneous	8,000	10,179	2,179	10,201
Total	30,100	42,002	11,902	70,725
 Total revenues	14,574,500	15,113,173	538,673	12,082,478
 <u>Expenditures</u>				
General government				
Governing body				
Codification	4,500	2,750		625
Travel	12,000	9,947	-	7,912
Total	16,500	12,697	3,803	8,537
 Administration				
Salaries and wages	1,034,200	1,036,933		799,280
Employee benefits	394,300	384,138		280,008
Utilities	8,600	8,926		8,385
Travel	12,200	8,164		6,704
Ferry costs	32,100	30,415		30,837
Parking	9,700	9,588		7,614
Equipment maintenance	3,000	2,677		1,174
Building maintenance	17,000	16,883		11,073
Office supplies	10,500	7,691		27,067
Postage	2,800	1,648		642
Advertising	4,000	2,708		2,604
Dues and subscriptions	7,500	6,568		9,049
Training and certification	7,500	5,233		3,398
Bank charges	27,000	26,676		26,122
Miscellaneous	10,000	(2,580)		2,291
Professional services	1,795,500	1,443,268		2,070,023
County collection fee	89,500	83,245		67,837
BHI Daily permit collection fee	12,000	12,600		12,000
BHI Conservancy	89,000	87,842		198,858
Insurance	279,100	287,513		225,343
Golf cart lease	-	-		-
Capital outlay	-	63,250		14,635
Capital outlay - nondepreciable	4,000	3,600	-	2,350
Total	3,849,500	3,526,986	322,514	3,807,294

**VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023**

EXHIBIT B-1
Page 3 of 7

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Information Technology				
Telephone	60,000	53,501		59,885
Travel	2,000	1,239		310
Equipment maintenance and supplies	14,000	10,960		15,259
Building and grounds maintenance	6,100	3,465		3,817
Cable and internet	14,000	10,644		20,284
Copies and printing	7,705	3,061		4,088
IT Training and certification	2,500	1,951		301
Professional system and software	148,200	148,581		93,257
Capital outlay - nondepreciable	37,000	26,082	-	25,630
Total	291,505	259,484	32,021	222,831
Human Resources				
Travel	5,500	1,758		1,359
Office supplies and equipment	4,000	3,314		3,395
Advertising	3,000	1,146		1,482
Dues and subscriptions	1,000	599		499
Professional development	4,800	1,489		2,624
Professional services	52,800	53,634		25,046
Medical services	4,000	1,373		2,010
Village events and wellness	28,800	19,043		22,946
Educational assistance	8,000	7,368	-	4,306
Total	111,900	89,724	22,176	63,667
Island Parcel Center				
Salaries and wages	266,500	241,668		176,195
Employee benefits	110,500	94,539		68,071
Travel	2,000	35		1,162
Ferry expenses	18,400	15,479		14,698
Parking expenses	4,200	2,972		3,500
Equipment maintenance	4,000	2,204		378
Barge and shipping expense	110,000	112,622		104,908
Shipping supplies	1,500	280		424
Building and grounds maintenance	12,600	12,610		10,543
Office supplies	5,000	3,254		4,088
Postage	43,000	31,432		33,599
Uniforms	800	1,067		997
Miscellaneous	3,200	193		2,024
Software and treminal fees	3,700	3,345		2,967
Liability insurance	-	-		260
Capital outlay - nondepreciable	2,000	791		2,949
Capital outlay	20,000	19,254	-	7,200
Total	607,400	541,745	65,655	433,963
Contractor Services				
Salaries and wages	58,200	56,180		49,266
Employee benefits	21,600	18,353		17,225
Utilities	13,700	6,137		10,295
Purchase for resale	311,500	260,390		276,341
Barge cost	17,100	6,360		7,500
Gas & Oil	500	-		-
Ferry cost	3,600	3,548		3,322
Parking	700	725		712
Equipment maintenance	500	-		77
Building and grounds maintenance	20,000	21,170		11,019

VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023

EXHIBIT B-1
Page 4 of 7

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Other expense	1,000	18		15
Office supplies	1,500	980		1,489
Bank processing charges	10,000	7,874		1,700
Professional services	-	-		14,875
Property and liability insurance	4,000	3,869		3,858
Capital outlay - nondepreciable	11,000	4,668	-	1,950
Capital outlay	30,000	28,500	-	-
Total	504,900	418,772	86,128	399,644
 Total general government	 5,381,705	 4,849,408	 532,297	 4,935,936
 Public safety				
Police, fire and EMS				
Salaries	2,134,400	2,082,300		2,074,529
LEO Separation allowance	24,800	25,315		6,417
Employee benefits	837,700	729,248		708,586
Utilities	22,500	23,087		20,590
Communications	20,400	11,460		14,966
Gas and oil	19,900	20,878		26,532
LP gas	4,000	3,921		2,895
Travel	5,500	4,048		4,459
Ferry costs	41,000	39,112		45,965
Parking	25,200	23,805		26,018
Barge expenses	3,800	3,009		2,943
Repairs - equipment	4,900	3,553		7,345
Repairs - vehicles	25,000	29,805		18,044
Vehicle permits	16,100	15,450		14,780
Repairs - building & grounds	50,900	44,285		85,923
Maintenance contracts	26,200	26,521		26,525
Supplies	40,300	31,794		35,152
EMS billing expense	4,500	3,858		3,158
Dosher medical clinic supplies	-	-		700
Law enforcement supplies	8,200	6,812		6,060
EMS supplies	18,200	15,979		9,553
ALS medication	15,700	15,210		13,897
Water rescue supplies	4,700	4,494		1,449
Fire supplies	17,000	14,822		40,350
Volunteer incentive	35,700	33,237		34,494
Copies and printing	4,900	3,626		5,458
Postage	1,200	558		-
Munitions	11,600	11,346		11,883
Dues and subscriptions	7,300	6,115		11,894
Uniforms	26,600	21,138		17,651
Training and certification	4,100	3,571		7,958
Public education	3,000	3,091		2,573
Miscellaneous	2,000	1,514		2,618
Animal control	500	399		468
Professional services	62,000	45,648		-
Medical services	11,800	16,134		11,800
Capital outlay - Nondepreciable	10,600	19,061		22,767
Capital outlay	123,000	134,932	-	180,853
Total	3,675,200	3,479,136	196,064	3,507,253

VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023

EXHIBIT B-1
Page 5 of 7

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Development services				
Salaries	127,800	110,736		106,493
Employee benefits	39,000	36,503		31,498
Travel	1,600	1,570		1,631
Ferry	4,600	3,010		2,940
Parking	1,500	1,450		1,400
Supplies	5,300	708		8
Training	2,000	1,215		496
Miscellaneous	500	115		83
Professional services	9,800	180		241
Commercial Review Board expenses	20,000	24,550	-	-
Total	212,100	180,037	32,063	144,790
Total public safety	3,887,300	3,659,173	228,127	3,652,043
Transportation				
Road resurfacing	-	-	-	246,658
Total	-	-	-	246,658
Environmental protection				
Public works				
Salaries and wages	810,700	724,461		589,124
Employee benefits	380,400	316,980		273,129
Utilities	39,200	33,349		31,836
Telephone	-	69		-
Gas and oil	17,800	18,792		18,227
LP gas	4,600	3,997		907
Travel	1,100	509		1,334
Ferry expense	39,100	36,717		38,668
Parking	12,100	11,377		8,528
Barge expense	52,900	49,360		43,890
Repairs - equipment	42,500	25,985		24,772
Vehicle permits	13,500	9,570		9,570
Maintenance - building & grounds	31,200	31,249		35,953
Right-of-way maintenance	84,400	80,830		68,931
Contract - mulch site	113,000	100,000		106,000
Storm prep, assessment & clean up	3,000	2,400		17,924
Contract services	539,400	512,441		483,264
Office supplies	2,000	1,483		1,393
Safety equipment supplies	10,800	5,958		4,991
Building supplies	12,000	8,360		4,027
Signs	25,000	19,795		13,192
Uniforms	8,000	4,916		5,798
Training and certification	6,100	3,046		590
Miscellaneous	500	-		153
Mosquito control	8,000	7,568		7,162
Pollinator Garden expenses	4,000	-		-
Capital outlay	142,000	162,465		170,834
Capital outlay - nondepreciable	10,000	8,015	-	9,057
Total environmental protection	2,413,300	2,179,692	233,608	1,969,254

**VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023**

EXHIBIT B-1
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	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Economic and physical development				
Shoreline preservation				
Salaries	109,000	108,778		99,265
Employee benefits	37,400	35,446		28,343
Travel	4,500	4,401		3,027
Ferry	3,600	2,744		2,926
Parking	800	725		700
Office supplies	500	-		2,764
Advertising	1,500	127		-
Dues and subscriptions	3,200	2,648		2,799
Uniforms	-	156		102
Training and certification	5,000	4,276		3,686
Miscellaneous	-	-		3,279
Professional Services	-	-		780
Capital outlay - nondepreciable	-	-		3,557
Engineering	3,800	3,313		47,040
Monitoring	229,400	195,106		208,412
Legal	92,000	103,528		56,097
Lobbying	137,000	134,943		118,966
Marina channel maintenance	207,000	201,250	-	104,000
Total	834,700	797,441	37,259	685,743
Debt service				
Principal	3,221,780	3,221,124		3,112,487
Interest and fees	284,715	282,795	-	376,592
Total	3,506,495	3,503,919	2,576	3,489,079
Total expenditures	16,023,500	14,989,633	1,033,867	14,978,713
Revenues over (under) expenditures	(1,449,000)	123,540	1,572,540	(2,896,235)
Other financing sources (uses)				
Fund balance appropriated	154,000	-	(154,000)	-
Operating transfers in				
IPC Improvements Capital Projects	60,000	128,308	68,308	-
Braat Fund (Accommodation Taxes)	1,235,000	1,187,251	(47,749)	1,245,944
Lease liabilities issued	-	92,969	92,969	51,171
Total	1,449,000	1,408,528	(40,472)	1,297,115

**VILLAGE OF BALD HEAD ISLAND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023**

EXHIBIT B-1
Page 7 of 7

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues and other financing sources over (under)				
expenditures	<u>-</u>	1,532,068	<u>1,532,068</u>	(1,599,120)
Fund balance				
Beginning of year - July 1		<u>5,579,075</u>		<u>7,178,195</u>
End of year - June 30		<u>7,111,143</u>		<u>5,579,075</u>

VILLAGE OF BALD HEAD ISLAND
BEACH RENOURISHMENT, RECREATION AND TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023

EXHIBIT B-2

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>Unfavorable</u>	<u>Actual</u>
<u>Revenues</u>				
Other taxes				
Accommodation taxes	2,008,000	2,111,630	103,630	2,129,364
Restricted intergovernmental				
Grant revenue	446,000	445,053	(947)	13,158
Investment earnings				
Interest earned	<u>139,000</u>	<u>134,989</u>	<u>(4,011)</u>	<u>78,071</u>
Total revenues	<u>2,593,000</u>	<u>2,691,672</u>	<u>98,672</u>	<u>2,220,593</u>
<u>Expenditures</u>				
Economic and physical development				
Tourism	35,000	22,932	12,068	-
Recreation	67,500	63,219	4,281	5,040
Capital outlay - Recreation	446,000	384,616	61,384	-
Beach renourishment	88,500	26,510	61,990	44,491
Beach access repairs	<u>158,000</u>	<u>152,689</u>	<u>5,311</u>	<u>249,278</u>
Total expenditures	<u>795,000</u>	<u>649,966</u>	<u>145,034</u>	<u>298,809</u>
Revenues over (under) expenditures	<u>1,798,000</u>	<u>2,041,706</u>	<u>243,706</u>	<u>1,921,784</u>
Other financing sources (uses)				
Fund balance appropriated	725,000		(725,000)	
Transfer to other funds				
General Fund	(1,235,000)	(1,187,251)	47,749	(1,245,944)
Jay Bird Shoals Dredging Project	<u>(1,288,000)</u>	<u>(1,288,000)</u>	<u>-</u>	<u>(365,000)</u>
Net other financing sources (uses)	<u>(1,798,000)</u>	<u>(2,475,251)</u>	<u>(677,251)</u>	<u>(1,610,944)</u>
Revenues and other financing sources over (under) expenditures and uses	<u>-</u>	<u>(433,545)</u>	<u>(433,545)</u>	<u>310,840</u>
Fund balance, beginning		<u>2,661,582</u>		<u>2,350,742</u>
Fund balance, ending		<u>2,228,037</u>		<u>2,661,582</u>

**VILLAGE OF BALD HEAD ISLAND
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023**

EXHIBIT B-3

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>Unfavorable</u>	<u>Actual</u>
<u>Revenues</u>				
Sales and services				
Stormwater fees	129,600	135,760	6,160	132,292
Investment earnings				
Interest earned	-	16,348	16,348	7,901
Miscellaneous				
Stormwater donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total revenues	<u>129,600</u>	<u>152,108</u>	<u>22,508</u>	<u>155,193</u>
<u>Expenditures</u>				
Economic and physical development				
Administration	8,000	2,500	5,500	-
Construction	-	-	-	105,200
Stormwater equipment	41,600	52	41,548	3,490
Engineering	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Total expenditures	<u>129,600</u>	<u>2,552</u>	<u>127,048</u>	<u>108,690</u>
Revenues over (under) expenditures	-	149,556	149,556	46,503
Other financing sources (uses)				
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and uses	<u>-</u>	149,556	<u>149,556</u>	<u>46,503</u>
Fund balance, beginning		<u>263,193</u>		<u>216,690</u>
Fund balance, ending		<u>412,749</u>		<u>263,193</u>

**VILLAGE OF BALD HEAD ISLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024**

EXHIBIT B-4

	<u>Contractor Services & Public Works Redesign Project</u>	<u>Jay Bird Shoals Project</u>	<u>New Village Hall Capital Project Fund</u>	<u>Ladder Truck Acquisition Fund</u>	<u>ARP Grant Fund</u>	<u>Special Revenue Fund - Fines and Forfeitures</u>	<u>Viper Radios Capital Project Fund</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS								
Cash and cash equivalents	-	104,097	-	29,137	-	1,830	14,067	149,131
Investments	-	1,029,865	-	288,263	-	18,103	139,171	1,475,402
Total assets	<u>-</u>	<u>1,133,962</u>	<u>-</u>	<u>317,400</u>	<u>-</u>	<u>19,933</u>	<u>153,238</u>	<u>1,624,533</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	68,542	-	22,291	-	-	-	90,833
Payable to other governments	-	-	-	-	-	743	-	743
Total liabilities	<u>-</u>	<u>68,542</u>	<u>-</u>	<u>22,291</u>	<u>-</u>	<u>743</u>	<u>-</u>	<u>91,576</u>
Fund balances:								
Restricted for:								
Fire Protection	-	-	-	295,109	-	-	153,238	448,347
Economic Development	-	1,065,420	-	-	-	-	-	1,065,420
Education	-	-	-	-	-	19,190	-	19,190
Total fund balances	<u>-</u>	<u>1,065,420</u>	<u>-</u>	<u>295,109</u>	<u>-</u>	<u>19,190</u>	<u>153,238</u>	<u>1,532,957</u>
Total liabilities and fund balances	<u>-</u>	<u>1,133,962</u>	<u>-</u>	<u>317,400</u>	<u>-</u>	<u>19,933</u>	<u>153,238</u>	<u>1,624,533</u>

VILLAGE OF BALD HEAD ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

EXHIBIT B-5

	<u>Contractor</u> <u>Services & Public</u> <u>Works Redesign</u> <u>Project</u>	<u>Jay Bird Shoals</u> <u>Project</u>	<u>New Village Hall</u> <u>Capital Project</u> <u>Fund</u>	<u>Ladder Truck</u> <u>Acquisition Fund</u>	<u>ARP Grant Fund</u>	<u>Special Revenue</u> <u>Fund - Fines and</u> <u>Forfeitures</u>	<u>Viper Radios</u> <u>Capital Project</u> <u>Fund</u>	<u>Total Non-Major</u> <u>Governmental</u> <u>Funds</u>
REVENUES								
Restricted intergovernmental	-	-	-	-	-	-	150,000	150,000
Charges for services	-	-	-	-	-	15,210	-	15,210
Investment earnings	1,177	18,608	3,148	20,806	24	838	3,238	47,839
Total revenues	<u>1,177</u>	<u>18,608</u>	<u>3,148</u>	<u>20,806</u>	<u>24</u>	<u>16,048</u>	<u>153,238</u>	<u>213,049</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	1,136	6,593	-	7,729
Public Safety	-	-	-	558,848	-	-	-	558,848
Highways and roads	-	-	-	-	-	-	-	-
Economic and physical development	-	465,307	-	-	-	-	-	465,307
Total expenditures	<u>-</u>	<u>465,307</u>	<u>-</u>	<u>558,848</u>	<u>1,136</u>	<u>6,593</u>	<u>-</u>	<u>1,031,884</u>
Excess (deficiency) of revenues over expenditures	<u>1,177</u>	<u>(446,699)</u>	<u>3,148</u>	<u>(538,042)</u>	<u>(1,112)</u>	<u>9,455</u>	<u>153,238</u>	<u>(818,835)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt, net	-	-	-	371,400	-	-	-	371,400
Transfers in	-	1,288,000	-	-	-	-	-	1,288,000
Transfers out	(54,879)	-	(71,517)	-	(1,912)	-	-	(128,308)
Total other financing sources and uses	<u>(54,879)</u>	<u>1,288,000</u>	<u>(71,517)</u>	<u>371,400</u>	<u>(1,912)</u>	<u>-</u>	<u>-</u>	<u>1,531,092</u>
SPECIAL ITEM								
Proceeds from sale of land								-
Net change in fund balances	(53,702)	841,301	(68,369)	(166,642)	(3,024)	9,455	153,238	712,257
Fund balances - beginning	<u>53,702</u>	<u>224,119</u>	<u>68,369</u>	<u>461,751</u>	<u>3,024</u>	<u>9,735</u>	<u>1,379,719</u>	<u>820,700</u>
Fund balances - ending	<u>-</u>	<u>1,065,420</u>	<u>-</u>	<u>295,109</u>	<u>-</u>	<u>19,190</u>	<u>1,532,957</u>	<u>1,532,957</u>

VILLAGE OF BALD HEAD ISLAND
CONTRACTOR SERVICES AND PUBLIC WORKS REDESIGN PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT B-6

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	10,000	3,378	1,177	4,555	(5,445)
Total revenues	10,000	3,378	1,177	4,555	(5,445)
<u>Expenditures</u>					
Capital outlay:					
Administration	320,000	139,748	-	139,748	180,252
Construction	1,535,000	1,714,928	-	1,714,928	(179,928)
Total expenditures	1,855,000	1,854,676	-	1,854,676	324
Revenues over (under) expenditures	(1,845,000)	(1,851,298)	1,177	(1,850,121)	(5,121)
Other financing sources (uses)					
Operating transfer from General Fund	2,095,000	2,095,000	-	2,095,000	-
Operating transfer to General Fund	(60,000)	-	(54,879)	(54,879)	(5,121)
New Village Hall Project Fund	(190,000)	(190,000)	-	(190,000)	-
Total other financing sources (uses)	1,845,000	1,905,000	(54,879)	1,850,121	(5,121)
Revenues and other financing sources over (under) expenditures	-	53,702	(53,702)	-	-
Fund balance, beginning			53,702		
Fund balance, ending			-		

**VILLAGE OF BALD HEAD ISLAND
JAY BIRD SHOALS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024**

EXHIBIT B-7

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	-	7,171	18,608	25,779	25,779
Total revenues	-	7,171	18,608	25,779	25,779
<u>Expenditures</u>					
Capital outlay:					
Administration and Engineering	1,125,000	148,052	399,907	547,959	577,041
Construction	450,000	-	65,400	65,400	384,600
Contingency	78,000	-	-	-	78,000
Total expenditures	1,653,000	148,052	465,307	613,359	1,039,641
Revenues over (under) expenditures	(1,653,000)	(140,881)	(446,699)	(587,580)	1,065,420
Other financing sources (uses)					
Operating transfer from BRRAT Fund	1,653,000	365,000	1,288,000	1,653,000	-
Total other financing sources (uses)	1,653,000	365,000	1,288,000	1,653,000	-
Revenues and other financing sources over (under) expenditures	-	224,119	841,301	1,065,420	1,065,420
Fund balance, beginning			224,119		
Fund balance, ending			1,065,420		

**VILLAGE OF BALD HEAD ISLAND
NEW VILLAGE HALL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024**

EXHIBIT B-8

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	5,500	2,203	3,148	5,351	(149)
Total revenues	5,500	2,203	3,148	5,351	(149)
<u>Expenditures</u>					
Capital outlay:					
Administration	156,400	155,884	-	155,884	516
Construction	2,500	2,950	-	2,950	(450)
Contingency	-	-	-	-	-
Total expenditures	158,900	158,834	-	158,834	66
Revenues over (under) expenditures	(153,400)	(156,631)	3,148	(153,483)	(83)
Other financing sources (uses)					
Operating transfer from General Fund	225,000	225,000	-	225,000	-
Operating transfer to General Fund	(71,600)	-	(71,517)	(71,517)	(83)
Total other financing sources (uses)	153,400	225,000	(71,517)	153,483	(83)
Revenues and other financing sources over (under) expenditures	-	68,369	(68,369)	-	-
Fund balance, beginning			68,369		
Fund balance, ending			-		

VILLAGE OF BALD HEAD ISLAND
LADDER TRUCK ACQUISITION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT B-9

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Miscellaneous revenue					
Donations	450,000	447,030	-	447,030	(2,970)
Investment earnings					
Interest earned	-	14,853	20,806	35,659	35,659
Total revenues	450,000	461,883	20,806	482,689	32,689
<u>Expenditures</u>					
Public Safety					
Capital outlay:					
Administration	25,000	132	-	132	24,868
Equipment purchase	2,800,000	-	558,848	558,848	2,241,152
Contingency	141,000	-	-	-	141,000
Total expenditures	2,966,000	132	558,848	558,980	2,407,020
Revenues over (under) expenditures	(2,516,000)	461,751	(538,042)	(76,291)	2,439,709
Other financing sources (uses)					
Loan proceeds	2,516,000	-	371,400	371,400	2,144,600
Total other financing sources (uses)	2,516,000	-	371,400	371,400	2,144,600
Revenues and other financing sources over (under) expenditures	-	461,751	(166,642)	295,109	295,109
Fund balance, beginning			461,751		
Fund balance, ending			295,109		

VILLAGE OF BALD HEAD ISLAND
ARP GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT B-10

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Restricted Intergovernmental					
ARP Grant	58,003	58,002	-	58,002	(1)
Investment earnings					
Interest earned	1,997	1,889	24	1,913	(84)
Total revenues	60,000	59,891	24	59,915	(85)
<u>Expenditures</u>					
General Government					
Grant project	58,003	56,867	1,136	58,003	-
Total expenditures	58,003	56,867	1,136	58,003	-
Revenues over (under)					
expenditures	1,997	3,024	(1,112)	1,912	(85)
Other financing sources (uses)					
Transfer to other funds					
General Fund	(1,997)	-	(1,912)	(1,912)	(85)
Total other financing sources (uses)	(1,997)	-	(1,912)	(1,912)	-
Revenues and other					
financing sources over					
(under) expenditures	-	3,024	(3,024)	-	-
Fund balance, beginning			3,024		
Fund balance, ending			-		

VILLAGE OF BALD HEAD ISLAND
FINES AND FORFEITURES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024 and 2023

EXHIBIT B-11

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>Unfavorable</u>	<u>Actual</u>
<u>Revenues</u>				
Sales and services				
Fines and forfeitures	<u>25,000</u>	<u>15,210</u>	<u>(9,790)</u>	<u>22,393</u>
Investment earnings				
Interest earned	<u>-</u>	<u>838</u>	<u>838</u>	<u>457</u>
Total revenues	<u>25,000</u>	<u>16,048</u>	<u>(8,952)</u>	<u>22,850</u>
<u>Expenditures</u>				
General Government				
Fines paid to BC Board of Education	<u>25,000</u>	<u>6,593</u>	<u>18,407</u>	<u>15,345</u>
Total expenditures	<u>25,000</u>	<u>6,593</u>	<u>18,407</u>	<u>15,345</u>
Revenues over (under) expenditures	<u>-</u>	<u>9,455</u>	<u>9,455</u>	<u>7,505</u>
Fund balance, beginning		<u>9,735</u>		
Fund balance, ending		<u>19,190</u>		

**VILLAGE OF BALD HEAD ISLAND
VIPER RADIOS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024**

EXHIBIT B-12

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Restricted Intergovernmental State Grant	150,000	-	150,000	150,000	-
Investment earnings					
Interest earned	-	-	3,238	3,238	3,238
Total revenues	150,000	-	153,238	153,238	3,238
<u>Expenditures</u>					
Public Safety					
Capital Outlay	150,000	-	-	-	150,000
Total expenditures	150,000	-	-	-	150,000
Revenues over (under) expenditures	-	-	153,238	153,238	153,238
Revenues and other financing sources over (under) expenditures	-	-	153,238	153,238	153,238
Fund balance, beginning			-		
Fund balance, ending			153,238		

**VILLAGE OF BALD HEAD ISLAND
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2024**

EXHIBIT C-1
Page 1 of 4

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water charges			
Water service	1,019,700	1,040,479	20,779
Water tap fees	517,800	370,259	(147,541)
Pipeline surcharge	291,900	291,719	(181)
Miscellaneous revenue	5,000	1,751	(3,249)
Total	<u>1,834,400</u>	<u>1,704,208</u>	<u>(130,192)</u>
Sewer charges			
Sewer service	1,211,500	1,213,969	2,469
Sewer tap fees	563,700	189,922	(373,778)
Septic maintenance	15,200	15,135	(65)
Port-O-John rentals	93,600	82,068	(11,532)
Total	<u>1,884,000</u>	<u>1,501,094</u>	<u>(382,906)</u>
Total operating revenues	<u>3,718,400</u>	<u>3,205,302</u>	<u>(513,098)</u>
Nonoperating revenues			
Interest income	83,100	88,132	5,032
Sale of assets	-	333	333
Contributions from customers	-	409,477	409,477
Total nonoperating revenues	<u>83,100</u>	<u>497,942</u>	<u>414,842</u>
Total revenues	<u>3,801,500</u>	<u>3,703,244</u>	<u>(98,256)</u>
Expenditures			
Operating expenditures			
Water Operations			
Salaries and wages	335,100	318,535	
Employee benefits	147,000	125,856	
Utilities	53,300	31,044	
Telephone	23,300	13,877	
Gas and oil	7,100	105	
Travel	3,400	3,435	
Ferry expense	16,600	17,301	
Parking	3,300	404	
Barges and shipping	33,400	26,887	
Equipment maintenance	17,000	8,969	
Non-expendable supplies	1,000	553	
Cart maintenance	500	16	
Vehicle maintenance	5,400	134	
Vehicle permits and BHI parking	5,300	3,105	
Building and grounds maintenance	6,500	6,171	
System repairs and maintenance	133,300	138,687	
Office supplies	1,000	1,003	
Water supplies	35,000	18,135	
Safety equipment	3,500	277	
Tools	4,300	4,107	
Building supplies	11,200	3,867	

**VILLAGE OF BALD HEAD ISLAND
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2024**

EXHIBIT C-1
Page 2 of 4

	Budget	Actual	Variance Positive (Negative)
Copies and printing	5,500	3,297	
Postage	400	205	
Dues and subscriptions	4,600	3,816	
Uniforms	3,700	1,603	
Training and certification	2,800	1,530	
Bank charges	12,600	5,628	
Permits	2,500	1,815	
Miscellaneous	1,500	(159)	
Bill adjustments	500	-	
Professional services	102,500	63,487	
Lab fees	8,400	6,622	
Medical fees	300	-	
Purchase of water	201,800	170,714	
Insurance	53,000	45,869	
IT Services	21,400	4,458	
Equipment rental	3,200	-	
Non-depreciable equipment	5,000	4,765	
Future water mains	3,500	-	-
Total	<u>1,279,700</u>	<u>1,036,118</u>	<u>243,582</u>
Sewer Operations			
Salaries and wages	601,200	546,315	
Employee benefits	271,000	212,134	
Utilities	108,000	113,887	
Telephone	23,200	13,877	
Gas and oil	11,100	11,923	
Travel	11,900	12,597	
Ferry expense	25,600	17,301	
Parking	11,100	9,879	
Barges and shipping	31,900	28,437	
Sludge hauling	130,000	107,300	
Equipment maintenance	16,600	11,184	
Non-expendable supplies	1,800	1,189	
Cart maintenance	500	211	
Vehicle maintenance	10,800	7,317	
Building and grounds maintenance	7,800	6,037	
System repairs and maintenance	427,600	377,797	

VILLAGE OF BALD HEAD ISLAND
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2024

EXHIBIT C-1
Page 3 of 4

	Budget	Actual	Variance Positive (Negative)
Office supplies	1,000	752	
Sewer supplies	53,700	23,496	
Safety equipment	3,500	1,078	
Tools	5,300	4,235	
Building supplies	4,000	6	
Copies and printing	5,500	3,931	
Postage	400	232	
Advertising	1,000	-	
Dues and subscriptions	700	247	
Uniforms	3,600	1,375	
Training and certification	7,500	3,556	
Bank charges	12,800	4,467	
Permits	2,500	935	
Miscellaneous	3,500	3,104	
Bill adjustments	500	-	
Professional services	34,200	15,704	
Lab fees	70,400	43,841	
Medical fees	300	-	
Insurance	49,000	45,869	
IT Services	12,800	5,930	
Equipment rental	29,600	-	
Future sewer mains	1,500	-	
Non-depreciable equipment	7,900	3,713	
Manager's supplemental funds	100	-	-
Total	<u>2,001,400</u>	<u>1,639,856</u>	<u>361,544</u>
Debt service			
Principal payments-leases	17,800	12,437	5,363
Interest and other costs	-	1,304	(1,304)
Total	<u>17,800</u>	<u>13,741</u>	<u>4,059</u>
Capital outlay			
Water capital outlay	200,900	146,932	
New water taps	42,000	9,861	
Sewer capital outlay	227,500	178,908	
New sewer taps	32,200	9,056	-
Total	<u>502,600</u>	<u>344,757</u>	<u>157,843</u>
Total expenditures	<u>3,801,500</u>	<u>3,034,472</u>	<u>767,028</u>
Revenues over (under) expenditures	<u>-</u>	<u>668,772</u>	<u>668,772</u>

**VILLAGE OF BALD HEAD ISLAND
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the year ended June 30, 2024**

EXHIBIT C-1
Page 4 of 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	668,772	<u>668,772</u>
Fund Balance			
Beginning of year		<u>1,925,911</u>	
End of year		<u>2,594,683</u>	
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues and other sources over (under) expenditures and other uses		668,772	
Reconciling items:			
Lease principal payments		12,438	
Capital outlay - Water and Sewer Fund		344,757	
Increase in interest expense accrued		51	
Increase in accrued vacation pay		(8,487)	
Increase in deferred outflows of resources - pensions		67,432	
Increase in net pension liability		(131,982)	
Decrease in deferred inflows of resources - pensions		3,151	
Depreciation		(425,924)	
Amortization		(12,462)	
Income in grant projects		3	
Interest income recorded in capital projects		<u>45,088</u>	
Change in net position per exhibit 7		<u>562,837</u>	

**VILLAGE OF BALD HEAD ISLAND
WASTEWATER TREATMENT UPGRADES PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024**

EXHIBIT C-2

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	-	491	582	1,073	1,073
Total revenues	-	491	582	1,073	1,073
<u>Expenditures</u>					
Capital outlay:					
Engineering and administration	227,000	226,999	-	226,999	1
Contingency	11,000	-	-	-	11,000
Total expenditures	238,000	226,999	-	226,999	11,001
Revenues over (under) expenditures	(238,000)	(226,508)	582	(225,926)	12,074
Other financing sources (uses)					
Operating transfer from Water and Sewer Fund	238,000	238,000	-	238,000	-
Total other financing sources (uses)	238,000	238,000	-	238,000	-
Revenues and other financing sources over (under) expenditures	-	11,492	582	12,074	12,074
Fund balance, beginning			11,492		
Fund balance, ending			12,074		

VILLAGE OF BALD HEAD ISLAND
LIFT STATION UPGRADE CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT C-3

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	-	10,920	7,931	18,851	18,851
Total revenues	-	10,920	7,931	18,851	18,851
<u>Expenditures</u>					
Capital outlay:					
Engineering and administration	10,000	-	-	-	10,000
Construction	455,000	157,500	322,500	480,000	(25,000)
Contingency	23,000	-	-	-	23,000
Total expenditures	488,000	157,500	322,500	480,000	8,000
Revenues over (under) expenditures	(488,000)	(146,580)	(314,569)	(461,149)	26,851
Other financing sources (uses)					
Operating transfer from Water and Sewer Fund	488,000	488,000	-	488,000	-
Total other financing sources (uses)	488,000	488,000	-	488,000	-
Revenues and other financing sources over (under) expenditures	-	341,420	(314,569)	26,851	26,851
Fund balance, beginning			341,420		
Fund balance, ending			26,851		

VILLAGE OF BALD HEAD ISLAND
WATER/WASTEWATER CAPITAL IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT C-4

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	-	10,331	9,565	19,896	19,896
Total revenues	-	10,331	9,565	19,896	19,896
<u>Expenditures</u>					
Capital outlay:					
Water System Improvements	195,000	-	182,460	182,460	12,540
Sewer System Improvements	122,000	-	84,146	84,146	37,854
Total expenditures	317,000	-	266,606	266,606	50,394
Revenues over (under) expenditures	(317,000)	10,331	(257,041)	(246,710)	70,290
Other financing sources (uses)					
Operating transfer from Water and Sewer Fund	317,000	317,000	-	317,000	-
Total other financing sources (uses)	317,000	317,000	-	317,000	-
Revenues and other financing sources over (under) expenditures	-	327,331	(257,041)	70,290	70,290
Fund balance, beginning			327,331		
Fund balance, ending			70,290		

**VILLAGE OF BALD HEAD ISLAND
LIFT STATIONS UPGRADES PROJECT PHASE II
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024**

EXHIBIT C-5

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Investment earnings					
Interest earned	-	17,044	27,010	44,054	44,054
Total revenues	-	17,044	27,010	44,054	44,054
<u>Expenditures</u>					
Capital outlay:					
Construction	498,500	-	77,000	77,000	421,500
Contingency	24,500	-	-	-	24,500
Total expenditures	523,000	-	77,000	77,000	446,000
Revenues over (under) expenditures	(523,000)	17,044	(49,990)	(32,946)	490,054
Other financing sources (uses)					
Operating transfer from Water and Sewer Fund	523,000	523,000	-	523,000	-
Total other financing sources (uses)	523,000	523,000	-	523,000	-
Revenues and other financing sources over (under) expenditures	-	540,044	(49,990)	490,054	490,054
Fund balance, beginning			540,044		
Fund balance, ending			490,054		

VILLAGE OF BALD HEAD ISLAND
AIA GRANT FUND - WATER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT C-6

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Restricted intergovernmental AIA ARPA Grant - Water	253,000	-	105,759	105,759	147,241
Total revenues	253,000	-	105,759	105,759	147,241
<u>Expenditures</u>					
Capital outlay:					
Administration and engineering	253,000	-	105,757	105,757	147,243
Total expenditures	253,000	-	105,757	105,757	147,243
Revenues over (under) expenditures	-	-	2	2	2
Fund balance, beginning			-		
Fund balance, ending			2		

VILLAGE OF BALD HEAD ISLAND
AIA GRANT FUND - WASTEWATER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2024

EXHIBIT C-7

	Project Author- ization	Prior Year(s)	Actual Current Year	Total To Date	Variance Positive (Negative)
<u>Revenues</u>					
Restricted intergovernmental					
AIA ARPA Grant - Wastewater	126,500	-	56,210	56,210	70,290
AIA SRP Grant - Wastewater	<u>126,500</u>	<u>-</u>	<u>56,211</u>	<u>56,211</u>	<u>70,289</u>
Total revenues	<u>253,000</u>	<u>-</u>	<u>112,421</u>	<u>112,421</u>	<u>140,579</u>
<u>Expenditures</u>					
Capital outlay:					
Administration and engineering	<u>253,000</u>	<u>-</u>	<u>112,420</u>	<u>112,420</u>	<u>140,580</u>
Total expenditures	<u>253,000</u>	<u>-</u>	<u>112,420</u>	<u>112,420</u>	<u>140,580</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u><u>1</u></u>		

Other Schedules

This section includes additional information on property taxes and transfers.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2024

EXHIBIT D-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023-2024	-	11,062,676	11,054,326	8,350
2022-2023	22,113	-	22,076	37
2021-2022	4,075	-	3,744	331
2020-2021	23	-	-	23
2019-2020	24	-	8	16
2018-2019	15		-	15
2017-2018	15		7	8
2016-2017	15		-	15
2015-2016	-		-	-
2014-2015	196		-	196
2013-2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>26,476</u>	<u>11,062,676</u>	<u>11,080,161</u>	<u>8,991</u>

Reconciliation with revenues

Taxes - ad valorem - General Fund	11,099,034
Less interest and penalties	18,873
Taxes written off	<u>-</u>
Total collections	<u>11,080,161</u>

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
VILLAGE-WIDE LEVY
For the Year Ended June 30, 2024

EXHIBIT D-2

	<u>Village-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	1,832,126,620	0.005779	10,587,860	10,587,860	
Special district taxes			460,119	460,119	
Registered motor vehicles taxed at current year's rate	-	0.005779	-	-	-
Total original levy	<u>1,832,126,620</u>		<u>11,047,979</u>	<u>11,047,979</u>	<u>-</u>
Discoveries:					
Property taxed at current year's rate	3,634,906	0.005779	21,006	21,006	
Special district taxes			1,319	1,319	
Prior year taxes			-	-	
Prior year special district taxes	-		-	-	-
Total discoveries	<u>3,634,906</u>		<u>22,325</u>	<u>22,325</u>	<u>-</u>
Abatements:					
Property taxed at current year's rate	1,319,113	0.005779	7,623	7,623	
Special district taxes			5	5	
Registered motor vehicles taxed at current and prior year's rate	-	0.005779	-	-	-
Total abatements	<u>1,319,113</u>		<u>7,628</u>	<u>7,628</u>	<u>-</u>
Net levy	<u>1,834,442,413</u>		11,062,676	11,062,676	-
Uncollected taxes at June 30, 2024			<u>8,350</u>	<u>8,350</u>	-
Current year's taxes collected			<u>11,054,326</u>	<u>11,054,326</u>	-
Current levy collection percentage			<u>99.92%</u>	<u>99.92%</u>	<u>0.00%</u>

Compliance Section



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

Independent Auditor's Report

To the Honorable Mayor and the
Members of Council
Village of Bald Head Island
Bald Head Island, North Carolina 28461

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Village of Bald Head Island, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Village of Bald Head Island's basic financial statements, and have issued our report thereon dated May 2, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Bald Head Island'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 Village of Bald Head Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 a 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 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 material weaknesses 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 certain deficiencies in internal control, described in the schedule of findings and responses as item 2024-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Bald Head Island'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 determination of financial statement amounts. 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*.

Village of Bald Head Island's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Bald Head Island's response to the finding identified in our audit as described in the accompanying schedule of findings and responses. The Village'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.

Thompson, Price, Scott, Adams & Company, PA
Certified Public Accountants

Thompson, Price, Scott, Adams & Company, PA
Southport, NC
May 2, 2025

**VILLAGE OF BALD HEAD ISLAND
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024**

EXHIBIT E-1
Page 1 of 1

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | |
|---|---------------|--------------|
| • Material weakness identified? | <u> </u> yes | <u>X</u> no |
| • Significant Deficiency identified
that are not considered to be
Material weaknesses | <u>X</u> yes | <u> </u> no |
| Noncompliance material to financial
statements noted | <u> </u> yes | <u>X</u> no |

II. Financial Statement Findings

SIGNIFICANT DEFICIENCY

2024-1 Failure to File Timely Audit Report

Criteria: The June 30, 2024 audit was submitted past the required due date. This is a violation of G.S. 195-34.

Condition: The Village did not provide necessary data to the audit firm in a timely manner.

Context: The Village was late completing the necessary reconciliations which led to the audit being delayed past the required due date.

Effect: The reports are a requirement of N.C. General Statutes; lateness created the statute violation.

Cause: Untimely reconciliations of accounts to ledgers due to delays caused by natural disasters (Potential Tropical Cyclone 8) and illness that left key members of the finance staff unable to work.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit 2023-1.

Recommendation: The Village will ensure reconciliations are performed timely.

Views of responsible officials and planned corrective actions: The Village agrees with this finding and has already taken action.



The Village of Bald Head Island

CORRECTIVE ACTION PLAN For the Year Ended June 30, 2024

I. Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding 2024-1

Name of contact person: Zachary Hewett, Finance Director

Corrective Action: To prevent the recurrence of late filing of audited financial statements, the Village has taken action to address the root causes of the delay. A revised reconciliation and audit preparation schedule has been implemented, beginning immediately after fiscal year-end, to ensure timely completion of key financial tasks. This schedule includes internal milestone tracking, defined deadlines for monthly and year-end reconciliations, and weekly status check-ins during audit season.

During the FY 2024 audit cycle, the Village encountered a combination of extraordinary circumstances, including a natural disaster that elevated operational demands and necessitated increased responsibilities for existing personnel. These challenges were further exacerbated by unforeseen personal obligations that impacted staff availability during a critical phase of the audit timeline. In addition, the commencement of substantial capital planning and financing activities contributed to a heightened workload and increased the complexity of financial operations. While these conditions were largely beyond the Village's control, steps have been taken to reinforce internal processes and enhance the timeliness of future financial reporting.

Proposed completion date: Immediately

VILLAGE OF BALD HEAD ISLAND, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2024

EXHIBIT E-3

Finding: 2023-1
Status: Not corrected.