New Issue - Full Book-Entry

Ratings: S&P: "AA"
Moody's: "Aa2"
(See "RATINGS" herein)

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, (1) assuming compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended, the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning December 31, 2022 and (2) the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is exempt from State of North Carolina taxation. See "TAX TREATMENT" herein.

$23,690,000
Limited Obligation Bonds (County of Dare, North Carolina)
Series 2024

Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant to an Installment Financing Contract Between Dare County Public Facilities Corporation and the

COUNTY OF DARE, NORTH CAROLINA

Dated: Date of Delivery **Due: As shown on inside cover**

This Official Statement has been prepared by the County of Dare, North Carolina (the "County") to provide information on the Limited Obligation Bonds (County of Dare, North Carolina), Series 2024 (the "2024 Bonds"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in Appendix B hereto under "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions."

Security: **The 2024 Bonds and all other Bonds outstanding under the Indenture, including the Prior Bonds, evidence proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract between Dare County Public Facilities Corporation (the "Corporation") and the County. The performance by the County of its obligations under the Contract, including the obligation to make Installment Payments thereunder, is secured by the Deed of Trust from the County to the deed of trust trustee named therein granting a lien of record on the Mortgaged Property, subject to certain permitted encumbrances as described in the Deed of Trust. The Corporation has assigned to the Trustee for the benefit of the registered owners of the 2024 Bonds and all other Bonds outstanding under the Indenture substantially all of its rights under the Contract, including the right to receive Installment Payments, and all of its rights as beneficiary of the Deed of Trust.**

THE PRINCIPAL OF, PREPAYMENT PREMIUM, IF ANY, AND INTEREST ON THE 2024 BONDS ARE PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COUNTY UNDER THE CONTRACT, AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS UNDER THE INDENTURE AND, TO THE EXTENT PROVIDED IN THE INDENTURE, THE PROCEEDS DERIVED FROM THE EXERCISE OF CERTAIN RIGHTS AND REMEDIES GRANTED UNDER THE CONTRACT, INCLUDING THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY PURSUANT TO THE DEED OF TRUST. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF ANY CONTRACTUAL OBLIGATION UNDER THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE TO THE OWNERS OF THE 2024 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS" HEREIN.

Prepayment: The 2024 Bonds are subject to optional prepayment before maturity as described herein.

Executed and Delivered Pursuant to: The 2024 Bonds will be executed and delivered pursuant to the Indenture.

Purpose: Proceeds of the 2024 Bonds will be used (a) to finance the construction and equipping of a new youth center in the Town of Manteo and County EMS Stations in Manns Harbor and the Town of Kitty Hawk; and (b) to pay the costs related to the execution and delivery of the 2024 Bonds.

Interest Payment Dates: Interest with respect to the 2024 Bonds is payable on June 1 and December 1 of each year, beginning December 1, 2024.

Denomination: $5,000 and any integral multiple thereof.

Closing/Delivery Date: On or about May 29, 2024.

Registration: Full book-entry only; The Depository Trust Company.

Trustee: The Bank of New York Mellon Trust Company, N.A.

Financial Advisor: DEC Associates, Inc.

Bond Counsel and Corporation Counsel: Parker Poe Adams & Bernstein LLP.

County Attorney: Robert L. Outten, Esq.

Underwriters' Counsel: Pope Flynn, LLC.

Piper Sandler & Co. **PNC Capital Markets LLC**

Date: May 8, 2024

MATURITY SCHEDULE

$23,690,000
Limited Obligation Bonds (County of Dare, North Carolina)
Series 2024

Due June 1	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2025	$1,185,000	5.00%	3.25%	101.717	23720EEL0
2026	1,185,000	5.00	3.13	103.607	23720EEM8
2027	1,185,000	5.00	2.97	105.795	23720EEN6
2028	1,185,000	5.00	2.87	108.005	23720EEP1
2029	1,185,000	5.00	2.80	110.208	23720EEQ9
2030	1,185,000	5.00	2.84	111.848	23720EER7
2031	1,185,000	5.00	2.83	113.702	23720EES5
2032	1,185,000	5.00	2.85	115.292	23720EET3
2033	1,185,000	5.00	2.88	116.711	23720EEU0
2034	1,185,000	5.00	2.88	118.315	23720EEV8
2035	1,185,000	5.00	2.97[c]	117.460	23720EEW6
2036	1,185,000	5.00	3.02[c]	116.988	23720EEX4
2037	1,185,000	5.00	3.16[c]	115.678	23720EEY2
2038	1,185,000	5.00	3.23[c]	115.030	23720EEZ9
2039	1,185,000	5.00	3.28[c]	114.569	23720EFA3
2040	1,185,000	5.00	3.38[c]	113.655	23720EFB1
2041	1,185,000	5.00	3.47[c]	112.840	23720EFC9
2042	1,185,000	5.00	3.52[c]	112.390	23720EFD7
2043	1,180,000	5.00	3.58[c]	111.853	23720EFE5
2044	1,180,000	5.00	3.64[c]	111.319	23720EFF2

[c] Yield to June 1, 2034 optional call date at par.

IN CONNECTION WITH THIS OFFERING, PIPER SANDLER & CO. AND PNC CAPITAL MARKETS LLC (THE "UNDERWRITERS") MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor will there be any sale of the 2024 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, the Corporation and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriters and is not to be construed as a representation by the Underwriters.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2024 Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The 2024 Bonds will not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state, or qualified pursuant to an appropriate exemption from registration in such state.

NEITHER THE 2024 BONDS NOR THE INDENTURE HAVE BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE 2024 BONDS AND THE INDENTURE IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2024 BONDS AND THE INDENTURE HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, WILL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE 2024 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2024 Bonds will under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof.

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the County and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of the County, which could significantly affect current plans and expectations and the future financial position and results of operations of the County. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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$23,690,000
Limited Obligation Bonds (County of Dare, North Carolina)
Series 2024

Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant to an Installment Financing Contract Between Dare County Public Facilities Corporation and the

COUNTY OF DARE, NORTH CAROLINA

INTRODUCTION

The purpose of this Official Statement, which includes the appendices, is to provide certain information in connection with the execution, sale and delivery of the Limited Obligation Bonds (County of Dare, North Carolina), Series 2024 (the "2024 Bonds"). The 2024 Bonds evidence proportionate undivided interests in rights to receive certain Revenues (as hereinafter described) which include the installment payments (the "Installment Payments") to be made by the County of Dare, North Carolina (the "County") pursuant to an Installment Financing Contract, dated as of May 1, 2023 (the "2023 Contract"), as amended by Amendment Number One to the Installment Financing Contract dated as of May 1, 2024 (the "First Amendment" and together with the 2023 Contract, the "Contract") each between the County and Dare County Public Facilities Corporation (the "Corporation"), a North Carolina nonprofit corporation. The 2024 Bonds will be executed and delivered pursuant to an Indenture of Trust, dated as of May 1, 2023 (the "2023 Indenture"), as supplemented by Supplemental Indenture Number 1 dated as of May 1, 2024 (the "First Supplement" and together with the 2023 Indenture, the "Indenture"), each between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

Pursuant to the Indenture, the Corporation has previously executed and delivered $37,050,000 aggregate principal amount of its Limited Obligation Bonds (County of Dare, North Carolina), Series 2023A (the "Prior Bonds"), all of which is currently outstanding. The 2024 Bonds will be parity obligations with the Prior Bonds under the Indenture. The County is required under the Contract to make the Installment Payments in an amount sufficient to pay the principal and interest with respect to the Bonds (as defined herein), which includes the 2024 Bonds, the Prior Bonds and any Additional Bonds hereafter executed and delivered pursuant to the Indenture, subject to its right of nonappropriation as described herein.

Authorization. The County has entered into the Contract pursuant to the provisions of Section 160A-20 of the General Statutes of North Carolina, as amended. The First Amendment is subject to the approval of the Local Government Commission of North Carolina (the "LGC"), and the County expects to receive the requisite LGC approval on May 7, 2024. See "THE LOCAL GOVERNMENT COMMISSION" herein.

Purpose. Proceeds of the 2024 Bonds will be used (a) to finance the construction and equipping of a new youth center in the Town of Manteo and County EMS Stations in Manns Harbor and the Town of Kitty Hawk (collectively, the "2024 Projects"); and (b) to pay the costs related to the execution and delivery of the 2024 Bonds.

Security for 2024 Bonds. To further secure the performance by the County of its obligations under the Contract, including the payment of the Installment Payments thereunder, the County executed and delivered to the deed of trust trustee named therein (the "Deed of Trust Trustee"), for the benefit of the Corporation or its assignee, a Deed of Trust, Security Agreement and Fixture Filing, dated as of May 1, 2023 (the "Deed of Trust"), granting a first lien of record on the site, as more particularly described in Exhibit A to the Deed of Trust, of a replacement County EMS station in the Town of Kill Devil Hills (the "Town") and a fire station on behalf of the Town co-located on the same property (the "Kill Devil Hills Project"), which Kill Devil Hills Project was financed with a portion of the proceeds of the Prior Bonds, and all buildings, structures, additions and improvements of every nature whatsoever now or hereafter situated thereon as more particularly described in the Deed of Trust (the "Mortgaged Property"), subject only to certain permitted encumbrances as described in the Deed of Trust. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS—Deed of Trust—*Release of Security*" herein. The Deed of Trust authorizes future obligations under the Contract evidenced by Additional Bonds executed and delivered under the Indenture to be secured by the Deed of Trust, provided that the total amount of present and future obligations secured thereby at any one time does not exceed $300,000,000. The 2024 Bonds will be secured by the Deed of Trust on parity with the Prior Bonds and any Additional Bonds hereafter executed and delivered pursuant to the Indenture.

Under the Indenture, the Corporation has assigned to the Trustee for the benefit of the Owners of the 2024 Bonds, the Prior Bonds and any Additional Bonds executed and delivered pursuant to the Indenture (collectively, the "Bonds") (a) all rights, title and interest of the Corporation in the Contract (except for certain reserved rights), including its right to receive the Installment Payments thereunder, (b) all rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property, and (c) all moneys and securities from time to time held by the Trustee under the Indenture in any fund or account (except the Rebate Fund) and any and all other personal property of every name and nature from time to time by delivery or by writing of any kind specially, pledged or hypothecated, as and for additional security under the Indenture, by the Corporation, or by anyone on its behalf, in favor of the Trustee. Pursuant to the Contract, the Installment Payments are payable by the County directly to the Trustee. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS" herein.

Details of the 2024 Bonds. The 2024 Bonds will be dated as of their date of initial execution and delivery, and will mature, subject to the prepayment provisions described herein, on June 1 in the years and amounts set forth on the inside front cover hereof. Interest with respect to the 2024 Bonds will be payable on each June 1 and December 1, beginning December 1, 2024, at the rates set forth on the inside front cover hereof. Individual purchases of the 2024 Bonds will be made in denominations of $5,000 or whole multiples thereof.

Book-Entry Form. The 2024 Bonds will initially be delivered as fully registered certificates in book-entry only form without physical delivery of certificates to the beneficial owners of the 2024 Bonds. The Trustee will make payments of principal and interest with respect to the 2024 Bonds to The Depository Trust Company ("DTC"), which will in turn remit such payments to its participants for subsequent distribution to the beneficial owners of the 2024 Bonds. See Appendix D hereto.

Continuing Disclosure. Pursuant to the Contract, the County will undertake to provide continuing disclosure of certain annual financial information and operating data and notice of certain events. See "CONTINUING DISCLOSURE" herein.

Professionals. Piper Sandler & Co. and PNC Capital Markets LLC (the "Underwriters") are underwriting the 2024 Bonds. DEC Associates, Inc. is serving as Financial Advisor to the County. Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, is serving as Bond Counsel and counsel to the Corporation. Pope Flynn, LLC, Charlotte, North Carolina, is serving as counsel to the Underwriters. Robert L. Outten, Esq., is the County Attorney.

Definitions; Document Summaries. See Appendix B for a summary of certain provisions of the Contract, the Indenture and the Deed of Trust and for the definition of certain capitalized terms used herein. Unless otherwise indicated, capitalized terms used herein and not otherwise defined shall have the same meanings given such terms in the Contract or the Indenture, as applicable.

Additional Information; Copies of Documents. Additional information and copies in reasonable quantity of the principal financing documents may be obtained from the County at 954 Marshall C. Collins Drive, Manteo, North Carolina 27954. Copies of such documents can also be obtained during the offering period from Piper Sandler & Co. at 201 South College Street, Suite 2400, Charlotte, North Carolina 28244. After the offering period, copies of such documents may be obtained from the Trustee at The Bank of New York Mellon Trust Company, N.A., 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256.

THE 2024 BONDS

General

The 2024 Bonds will be dated as of their date of initial execution and delivery, and will mature, subject to prior prepayment as described below, on June 1 in the years and amounts set forth on the inside front cover hereof. Interest with respect to the 2024 Bonds will be payable on each June 1 and December 1, beginning December 1, 2024, at the rates set forth on the inside front cover hereof, and will be paid by the Trustee by check mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by the Trustee at the close of business on the fifteenth day (whether or not a Business Day) of the month next preceding an Interest Payment Date (the "Record Date"). At the written request of any Owner of at least $1,000,000 in aggregate principal amount of the 2024 Bonds, principal and interest may be payable by wire transfer at the address specified in writing by the

Owner by the Record Date. As long as Cede & Co. or another DTC nominee is the registered owner of the 2024 Bonds, the Trustee shall make all payments with respect to the 2024 Bonds by wire transfer in immediately available funds.

The 2024 Bonds will be delivered as fully registered certificates in book-entry only form and will be subject to the provisions of the book-entry only system described below. Individual purchases of the 2024 Bonds will be made only in denominations of $5,000 or whole multiples thereof.

Book-Entry Only System

See Appendix D herein for provisions regarding the Book-Entry Only System.

Prepayment Provisions

Optional Prepayment. The 2024 Bonds maturing on or before June 1, 2034 are not subject to optional prepayment before their maturities. The 2024 Bonds maturing on or after June 1, 2035 are subject to optional prepayment in whole or in part on any date on or after June 1, 2034, at the option of the County, at a prepayment price equal to 100% of the principal amount of the 2024 Bonds to be prepaid, together with accrued interest to the date fixed for prepayment.

General Prepayment Provisions. If the 2024 Bonds are prepaid in part, the 2024 Bonds to be prepaid will be prepaid in such order as the County selects and within the same maturity as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2024 Bonds is discontinued, by lot within a maturity in such manner as the Trustee in its discretion may determine; provided, however, that the 2024 Bonds or portions thereof will be prepaid only in whole multiples of $5,000.

Notice of prepayment identifying the 2024 Bonds or portions thereof to be prepaid will be given by the Trustee in writing not less than 30 days nor more than 60 days before the date fixed for prepayment by Electronic Means or by first class mail, postage prepaid (or, in the case of notice to DTC, by registered or certified mail or otherwise in accordance with DTC's then-existing rules and procedures) (1) to DTC or its nominee or to the then-existing securities depositories, or (2) if DTC or its nominee or another securities depository is no longer the Owner of the 2024 Bonds, to the then-registered Owners of the 2024 Bonds to be prepaid at their addresses appearing on the registration books maintained by the Trustee, (3) to the LGC, and (4) to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Marketplace Access ("EMMA") system (or any successor thereto); provided however, that the Trustee shall have no liability to any party in connection with any failure to timely file any notice with the MSRB via its EMMA system (or any successor thereto) and the sole remedy for any such failure shall be an action by the Owners in mandamus for specific performance or similar remedy to compel performance. Notwithstanding the foregoing, (a) if notice is properly given, failure to receive an appropriate notice will not affect the validity of the proceedings for such prepayment, (b) failure to give any such notice or any defect therein will not affect the validity of the proceedings for prepayment of the 2024 Bonds or portions thereof with respect to which notice was correctly given, and (c) the failure to give any such notice to the LGC or the MSRB, or any defect therein, shall not affect the validity of any proceedings for prepayment of the 2024 Bonds.

In the case of an optional prepayment of the 2024 Bonds, the prepayment notice may state (1) that it is conditioned upon the deposit of money with the Trustee on the prepayment date at the time and in an amount equal to the amount necessary to effect the prepayment and such notice will be of no effect unless such money is so deposited, and (2) that the County retains the right to rescind the prepayment notice on or prior to the scheduled prepayment date, and such notice and optional prepayment shall be of no effect if such money is not so deposited or if the notice is rescinded as described in the Indenture.

On or before the date fixed for prepayment, funds will be deposited with the Trustee to pay the 2024 Bonds or portions thereof called for prepayment, together with accrued interest to the prepayment date and any required prepayment premium. Upon the giving of notice and the deposit of such funds for prepayment pursuant to the Indenture, interest with respect to the 2024 Bonds or portions thereof so called for prepayment will no longer accrue after the date fixed for prepayment.

The 2024 Bonds or portions thereof called for prepayment will be due and payable on the prepayment date at the prepayment price, together with accrued interest thereon to the prepayment date and any applicable prepayment premium. If the required notice of prepayment has been given and moneys sufficient to pay the prepayment price, together with accrued interest thereon to the prepayment date and any required prepayment premium, has been deposited with the Trustee, the 2024 Bonds or portions thereof so called for prepayment will cease to be entitled to any benefit or security under the Indenture, and the Owners of such 2024 Bonds will have no rights in respect of such 2024 Bonds or portions thereof so called for prepayment except to receive payment of the prepayment price and accrued interest and any applicable prepayment penalty to the prepayment date from such funds held by the Trustee. Upon surrender and cancellation of any 2024 Bonds called for prepayment in part only, a new 2024 Bond or 2024 Bonds of the same maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to the unprepaid portion thereof, will be executed on behalf of the Corporation and authenticated and delivered by the Trustee.

If an Event of Default has occurred and is continuing under the Indenture, there will be no prepayment of less than all of the Bonds then Outstanding.

SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS

The 2024 Bonds, the Prior Bonds and any Additional Bonds evidence proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract. The 2024 Bonds will be proportionately and ratably secured with the Prior Bonds and any Additional Bonds executed and delivered pursuant to the Indenture. "Revenues" is defined in the Contract to mean (i) all Net Proceeds not applied to the replacement of the Mortgaged Property, (ii) all Installment Payments, and (iii) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund). Notwithstanding the foregoing, the Owner of each Bond is not entitled to receive more than the amount of principal, premium, if any, and interest represented by such Bond.

Installment Payments and Additional Payments

Under the Contract, the County is required to make the Installment Payments directly to the Trustee in amounts sufficient to provide for the payment of the principal (whether at maturity, by prepayment or otherwise) and interest with respect to the 2024 Bonds, the Prior Bonds and any Additional Bonds hereafter executed and delivered under the Indenture as the same become due and payable.

The County is also obligated under the Contract to pay as Additional Payments, to such persons as are entitled thereto, the reasonable and customary expenses and fees (including, but not limited to, attorneys' fees, costs and expenses) of the Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with the Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of the Contract (together with interest that may accrue thereon in the event that the County fails to pay the same).

Budget and Appropriation

Pursuant to the Contract, the County will (i) cause its budget officer (as statutorily defined) to include the Installment Payments and the reasonably estimated Additional Payments coming due in each Fiscal Year in the corresponding annual budget request, (ii) require that the deletion of such funds from the County's final budget or any amended budget be made only pursuant to an express resolution of the County Board of Commissioners which explains the reason for such action, and (iii) deliver notice to the Trustee and the LGC within five days after the adoption by the County Board of Commissioners of a resolution described in clause (ii) above. Nothing contained in the Contract, however, obligates the County to appropriate money contained in the proposed budget for the payment of the Installment Payments or the reasonably estimated Additional Payments coming due under the Contract.

In connection with the Installment Payments and the Additional Payments, the appropriation of funds therefor is within the sole discretion of the County Board of Commissioners.

Deed of Trust

General. In connection with the execution and delivery of the Prior Bonds, the County executed the Deed of Trust as security for its obligations under the Contract granting a lien of record on the Mortgaged Property to the Deed of Trust Trustee. The Mortgaged Property consists of the site of the Kill Devil Hills Project and all buildings, structures, additions and improvements of every nature whatsoever now or hereafter situated thereon.

Substantial completion and occupancy of the Kill Devil Hills Project is currently scheduled to occur on or about August 20, 2024. The Kill Devil Hills Project will consist of an approximately 36,000 square-foot facility comprised of an approximately 18,758 square-foot County EMS station and an approximately 17,242 square-foot fire station for the Town to be co-located on property acquired by the County in 2021. The property on which the Kill Devil Hills Project will be located is contiguous to property owned by the Town and the existing County EMS station (which will be replaced by the Kill Devil Hills Project). The cost of construction of the Kill Devil Hills Project is approximately $24.6 million and the assessed value of the property on which the Kill Devil Hills Project will be located is approximately $1 million.

The County and the Town have agreed to operate a joint EMS and fire department facility on the property on which the Kill Devil Hills Project will be located, with the County operating the EMS station and the Town operating the fire department. Each of the County and the Town have agreed that the County will construct the joint Kill Devil Hills Project and lease the fire department portion to the Town upon the terms of a lease agreement (the "Lease"). Under the Lease, the Town will make annual payments to the County equal to the cost of improvements of the fire department portion of the Kill Devil Hills Project, including debt service costs, amortized over the initial 20 year term, and other expenses of operating the fire department portion including utilities, maintenance and insurance. The Lease states that it is subordinate to the Deed of Trust.

The Deed of Trust has been recorded in the office of the Register of Deeds of Dare County, North Carolina, and the lien created thereby has been insured by a title insurance policy in the amount of $26,000,000, which is approximately the value of the Mortgaged Property. Generally, a claim against a title insurance policy may only be made in the amount which is the lesser of the actual value of the real property and the amount of the title insurance policy. The 2024 Bonds will be secured by the Deed of Trust on parity with the Prior Bonds and any Additional Bonds hereafter executed and delivered pursuant to the Indenture. ONLY THE SITE OF THE KILL DEVIL HILLS PROJECT AND ANY IMPROVEMENTS THEREON ARE INCLUDED IN THE DEFINITION OF "MORTGAGED PROPERTY" AND, CONSEQUENTLY, ONLY SUCH REAL PROPERTY AND ANY IMPROVEMENTS THEREON ARE SUBJECT TO THE LIEN CREATED BY THE DEED OF TRUST.

Release of Security. So long as there is no event of default under the Deed of Trust, the Deed of Trust Trustee must release the Mortgaged Property or any part thereof secured thereby from the lien and security interest created by the Deed of Trust when and if the following requirements have been fulfilled:

(1) in connection with any release of the Mortgaged Property, or any part thereof, there is filed with the Corporation or its assignee a certified copy of the resolution of the County Board of Commissioners stating the purpose for which the County desires such release, giving an adequate legal description of the part of Mortgaged Property to be released, requesting such release and providing for payment by the County of all expenses in connection with such release;

(2) in connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (a) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal component of the Installment Payments related to the Bonds then Outstanding under the Indenture, or (b) the County (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Deed of Trust Trustee and the Corporation, or its assignee, an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under the Deed of Trust and (B) will not adversely affect the tax treatment of the interest on any Outstanding Bonds, and (iii) records a modification to the Deed of Trust reflecting such substitution of the Mortgaged Property;

(3) in connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, such release will not prohibit the County's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released; and

(4) in connection with the release of the entire Mortgaged Property, there is paid to the Trustee an amount sufficient to pay in full all of the Bonds then Outstanding under the Indenture.

Indenture

Pursuant to the Indenture, the Corporation assigned to the Trustee for the benefit of the Owners of the 2024 Bonds, the Prior Bonds and any Additional Bonds, (i) all rights, title and interest of the Corporation in the Contract (except for certain indemnification rights, notice rights and the right to Additional Payments payable to the Corporation), including its rights to receive the Installment Payments thereunder, (ii) all rights, title and interest of the Corporation in the Deed of Trust and the Mortgaged Property, and (iii) all moneys and securities from time to time held by the Trustee under the Indenture in any fund or account (except the Rebate Fund).

Enforceability

The Indenture, the Deed of Trust and the Contract are subject to bankruptcy, insolvency, reorganization and other laws relating to or affecting the enforcement of creditors' rights and, to the extent that certain remedies under such instruments require or may require enforcement by a court, to such principles of equity as the court having jurisdiction may impose.

NO PROVISION OF THE INDENTURE, THE CONTRACT OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA (THE "STATE"). NO PROVISION OF THE INDENTURE, THE CONTRACT OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS NOR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THE INDENTURE, THE CONTRACT AND THE DEED OF TRUST SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE CONTRACT IS IN EFFECT; PROVIDED, HOWEVER, ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS, WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THE CONTRACT WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR ANY BREACH OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS DUE UNDER THE INDENTURE, THE CONTRACT OR THE DEED OF TRUST.

THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS, INCLUDING THE 2024 BONDS, UPON A DEFAULT BY THE COUNTY UNDER THE CONTRACT ARE LIMITED TO THOSE SPECIFIED IN THE CONTRACT AND THE INDENTURE, INCLUDING EXERCISING THE RIGHTS OF THE BENEFICIARY UNDER THE DEED OF TRUST AND THE RIGHTS OF THE TRUSTEE IN THE FUNDS HELD UNDER THE INDENTURE.

The Bonds, including the 2024 Bonds, will not constitute a debt or general obligation of the County or the Corporation and will not give the Owners of the Bonds, including the 2024 Bonds, any recourse to the assets of the County or the Corporation, but will be payable solely from amounts payable by the County under the Contract, from amounts realized on foreclosure on the Mortgaged Property pursuant to the Deed of Trust and from funds held in certain funds and accounts under the Indenture for such purpose.

SECTION 160A-20(f) OF THE GENERAL STATUTES OF NORTH CAROLINA, AS AMENDED, PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR BREACH OF ANY CONTRACTUAL OBLIGATION

AUTHORIZED UNDER SECTION 160A-20 AND THAT THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS DUE BY THE COUNTY UNDER THE CONTRACT. See "THE CONTRACT – Remedies on Default" in Appendix B for a more complete description of the rights and powers of the Trustee upon the occurrence of an event of default under the Contract.

Additional Bonds

Under the conditions described in the Indenture and so long as no Event of Default has occurred and is continuing under the Indenture, the Corporation may execute and deliver additional bonds or other obligations under the Indenture without the consent of the Owners of the 2024 Bonds, the Prior Bonds or any Additional Bonds then Outstanding under the Indenture to provide funds to pay (a) the cost of expanding the Projects or any projects financed or refinanced with the proceeds of Additional Bonds, acquiring, constructing, renovating, and equipping other facilities or acquiring equipment and other capital assets for utilization by or on behalf of the County for public purposes; (b) the cost of refunding of all or any portion of the Bonds, including the 2024 Bonds, then Outstanding under the Indenture or any other financing obligations of the County; and (c) the costs of issuance relating to the execution, delivery and sale of the Additional Bonds. Neither the Indenture nor the Deed of Trust require that additional collateral be added to the Deed of Trust in connection with the issuance of Additional Bonds.

The 2024 Bonds are payable on a parity with the Prior Bonds and any Additional Bonds hereafter executed and delivered pursuant to the Indenture. The Installment Payments and any Installment Payments with respect to Additional Bonds executed and delivered under the Indenture will be deposited as received by the Trustee in the Bond Fund held by the Trustee. Moneys in the Bond Fund will be withdrawn and used to pay the principal and interest with respect to the 2024 Bonds, the Prior Bonds and any Additional Bonds executed and delivered under the Indenture as the same become due and payable. If on any date the moneys on deposit in the Bond Fund are insufficient to pay all of the principal and interest with respect to the 2024 Bonds, the Prior Bonds and any Additional Bonds executed and delivered under the Indenture which are due and payable on such date, such moneys will be used to pay such principal and interest with respect to the 2024 Bonds, the Prior Bonds and any Additional Bonds executed and delivered under the Indenture entitled to receive principal or interest on such date in the manner provided in the Indenture. See "THE INDENTURE – Application of Money" in Appendix B.

The County currently expects to finance a portion of the costs of the renovation of the County's EMS Station 5 located in Nags Head and the renovation and reconstruction of the County's Public Works Department facilities located in Manteo and Buxton through the issuance of Additional Bonds in the aggregate principal amount of approximately $49,137,507 in the first quarter of calendar year 2025. The County may also consider financing additional facilities and projects in the future through the issuance of Additional Bonds. See "THE COUNTY—Debt Information—*Debt Outlook*" herein.

THE CORPORATION

The Corporation was incorporated as a nonprofit corporation under the laws of the State on November 29, 2000. Its general purpose is to promote the general welfare of the citizens of the County and to assist the government of the County through the financing, acquisition, construction and lease of real estate and improvements, facilities and equipment for the use and benefit of the general public.

The Board of Directors of the Corporation consists of three directors who serve three year terms or until their successors are duly elected and qualified. The following individuals serve as members of the Board of Directors and as officers of the Corporation:

Sally O. DeFosse	Director
Wally Overman	Director
Robert L. Woodard	Director
Robert L. Outten	President
Robin Skyler Foley	Secretary
J. David Clawson, Jr.	Treasurer
Janet A. Midgette	Assistant Secretary

The Corporation's role in the financing described in this Official Statement will be limited. The Corporation's officers and counsel will have the opportunity to review this Official Statement and the principal financing documents and to assist in their preparation. The Corporation will execute and deliver the First Amendment and the First Supplement, and is the beneficiary under the Deed of Trust. Counsel to the Corporation will deliver certain legal opinions in connection with the financing. The Corporation and the County expect, however, that the Corporation will have no continuing responsibilities or involvement with respect to the 2024 Projects or with respect to monitoring compliance with the terms of the Contract or the Indenture.

PLAN OF FINANCE

A portion of the proceeds of the 2024 Bonds will be used to finance the 2024 Projects, which consists of a new youth center in the Town of Manteo and County EMS Stations in Manns Harbor and the Town of Kitty Hawk.

The Mortgaged Property is comprised of the Kill Devil Hills Project only, and no components of the 2024 Projects are included in the Mortgaged Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS—Deed of Trust" herein for more information regarding the Mortgaged Property.

ESTIMATED SOURCES AND USES OF FUNDS

The County estimates the sources and uses of funds for the plan of financing to be as follows:

Sources of Funds:	
Principal Amount	$23,690,000
Original Issue Premium	2,925,578
Other Sources[1]	1,798,991
Total Sources	$28,414,569
Uses of Funds:	
2024 Project Costs	$27,941,504
Costs of Issuance[2]	473,065
Total Uses	$28,414,569

[1] Includes $598,991 of investment earnings and a County contribution of $1,200,000 from the proceeds of the Prior Bonds.

[2] Includes Underwriters' discount, legal fees, printing costs, rating agency fees, fees and expenses of the Financial Advisor and the Trustee, and miscellaneous fees and expenses.

ANNUAL INSTALLMENT PAYMENT REQUIREMENTS

The following table sets forth, for each Fiscal Year ending June 30, the amount of principal and interest required to be paid under the Contract with respect to the 2024 Bonds and the Prior Bonds.

Fiscal Year Ending June 30	Prior Bonds Principal and Interest	2024 Bonds Principal	2024 Bonds Interest	Total
2025	$ 3,802,500	$ 1,185,000	$ 1,191,081	$ 6,178,581
2026	3,705,000	1,185,000	1,125,250	6,015,250
2027	3,607,500	1,185,000	1,066,000	5,858,500
2028	3,510,000	1,185,000	1,006,750	5,701,750
2029	3,412,500	1,185,000	947,500	5,545,000
2030	3,315,000	1,185,000	888,250	5,388,250
2031	3,217,500	1,185,000	829,000	5,231,500
2032	3,120,000	1,185,000	769,750	5,074,750
2033	3,022,500	1,185,000	710,500	4,918,000
2034	2,925,000	1,185,000	651,250	4,761,250
2035	2,827,500	1,185,000	592,000	4,604,500
2036	2,730,000	1,185,000	532,750	4,447,750
2037	2,632,500	1,185,000	473,500	4,291,000
2038	2,535,000	1,185,000	414,250	4,134,250
2039	2,437,500	1,185,000	355,000	3,977,500
2040	2,340,000	1,185,000	295,750	3,820,750
2041	2,242,500	1,185,000	236,500	3,664,000
2042	2,145,000	1,185,000	177,250	3,507,250
2043	2,047,500	1,180,000	118,000	3,345,500
2044	0	1,180,000	59,000	1,239,000
Total	$55,575,000	$23,690,000	$12,439,331	$91,704,331

Note: Totals may not foot due to rounding.

AVAILABLE SOURCES FOR PAYMENT OF INSTALLMENT PAYMENTS

The County may make Installment Payments under the Contract from any source of funds legally available to it in each year and appropriated therefor. The County's General Fund revenues for the Fiscal Year ended June 30, 2023 were $137,819,616. The County's budget for the Fiscal Year ending June 30, 2024 projects General Fund revenues of $144,328,346. General fund revenues are derived from various sources including property taxes, which generate approximately 50% of the general fund revenue, sales taxes, intergovernmental revenues, permits and fees, and sales and service revenues. For each of the Fiscal Years ended June 30, 2022 and 2023, and the Fiscal Year ending June 30, 2024, the County imposed ad valorem taxes of $0.4005 per $100 of assessed value. A rate of $.01 per $100 of assessed value in the Fiscal Year ended June 30, 2023 generated approximately $1,751,243 and is expected to generate approximately $1,770,992 in the Fiscal Year ending June 30, 2024. The General Statutes of North Carolina permit counties to impose ad valorem taxes of up to $1.50 per $100 of assessed value for certain purposes without the requirement of voter approval. See Appendix A hereto for a detailed description of the sources and uses of the County's general fund revenues for the Fiscal Year ended June 30, 2023.

CERTAIN RISKS OF BOND OWNERS

Insufficiency of Installment Payments

If Installment Payments by the County are insufficient to pay the principal of or interest on the 2024 Bonds (or any other Bonds) as the same become due or if another event of default occurs under the Contract, the Trustee may accelerate the 2024 Bonds (or any other Bonds) and all unpaid principal amounts due by the County under the Contract, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Deed of Trust, take possession of the Mortgaged Property and attempt to dispose of the Mortgaged Property. See "THE CONTRACT" in Appendix B hereto. Zoning restrictions and other land use factors relating to the Mortgaged Property may limit the use of the Mortgaged Property and may affect the proceeds obtained on any disposition by the Deed of Trust Trustee. THERE CAN BE NO ASSURANCE THAT THE MONEYS AVAILABLE IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE AND THE PROCEEDS OF ANY SUCH DISPOSITION OF THE MORTGAGED PROPERTY WILL BE SUFFICIENT TO PROVIDE FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST WITH RESPECT TO THE 2024 BONDS (OR ANY OTHER BONDS). SECTION 160A-20(F) OF THE GENERAL STATUTES OF NORTH CAROLINA, AS AMENDED, PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR BREACH OF ANY CONTRACTUAL OBLIGATION AUTHORIZED UNDER SECTION 160A-20, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE CONTRACT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE 2024 BONDS (OR ANY OTHER BONDS) ON A DEFAULT BY THE COUNTY UNDER THE CONTRACT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE, INCLUDING FORECLOSING ON THE MORTGAGED PROPERTY UNDER THE DEED OF TRUST.

Risk of Nonappropriation

The appropriation of moneys to make the Installment Payments is within the sole discretion of the County Board of Commissioners. If the County Board of Commissioners fails to appropriate such moneys, the only sources of payment for a series of the Bonds (including the 2024 Bonds) will be the moneys, if any, available in the respective funds and accounts held by the Trustee under the Indenture and the proceeds of any attempted foreclosure on the County's interest in the Mortgaged Property under the Deed of Trust.

Uninsured Casualty and Condemnation

If all or any part of the Mortgaged Property is partially or totally damaged or destroyed by any casualty or taken by any governmental authority, the County has the option under the Contract to apply any Net Proceeds from insurance or condemnation to repair, restore or rebuild the Mortgaged Property or to apply the related Net Proceeds to the prepayment of the Bonds, including the 2024 Bonds. If the Net Proceeds are not sufficient to repair, restore or rebuild the Mortgaged Property to its condition prior to such damage, destruction or taking or to pay the Bonds in full or if the County elects only to make partial effort to repair, restore or rebuild the Mortgaged Property or to make a partial prepayment of the Bonds, the value of the Mortgaged Property may be impaired. The Contract requires that certain insurance be maintained with respect to the Mortgaged Property. Such insurance may not, however, cover all perils to which the Mortgaged Property is subject.

Outstanding General Obligation Debt of the County

The County currently has no general obligation bonds outstanding, but the County may issue general obligation bonds or notes in the future. In connection with the issuance of any general obligation bonds or notes, the County would pledge its faith and credit and taxing power to the payment of such general obligation bonds or notes. See the caption "THE COUNTY—Debt Information" herein. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY INSTALLMENT PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE CONTRACT MAY BE SUBJECT TO SUCH FAITH AND CREDIT PLEDGE BY THE COUNTY AND THEREFORE MAY BE REQUIRED TO BE APPLIED TO THE PAYMENT OF ITS GENERAL OBLIGATION INDEBTEDNESS.

Dilution of Collateral

The execution and delivery of Additional Bonds is not premised on the concurrent addition of property to the Mortgaged Property under the Deed of Trust. In the event that Additional Bonds are executed and delivered, the

Owners of the 2024 Bonds and the Owners of the Prior Bonds would be on a parity with Owners of the Additional Bonds, but it is possible that there would not be sufficient collateral in the event that the County were to fail to make Installment Payments required under the Contract and the Trustee were then to institute foreclosure proceedings. See "SECURITY AND SOURCES OF PAYMENTS FOR THE 2024 BONDS—Additional Bonds" herein.

Environmental Hazards

Environmental contamination of the Mortgaged Property, including undiscovered or future environmental contamination, could have a material adverse affect on the value of the Mortgaged Property; however, the County is required under the Deed of Trust to undertake whatever environmental remediation may be required by law. A Phase I Environmental Site Assessment (the "Phase I") was prepared by Environmental Professionals, Inc. in June 2021 in connection with the acquisition by the County of the land on which the Kill Devil Hills Project is located. Such land was previously the site of a restaurant constructed in 1990. The Phase I did not note any environmental concerns.

Bankruptcy

Chapter 9 of Title 11 of the United States Code (as amended, the "Bankruptcy Code") provides a process for a political subdivision of a state to voluntarily adjust its debts. An involuntary bankruptcy case may not be commenced against a political subdivision under Chapter 9. Section 109(c) of the Bankruptcy Code sets forth certain conditions that must be met for an entity to be a debtor under Chapter 9, including that the entity is specifically authorized to be a debtor under Chapter 9 by state law (or by a governmental officer or organization empowered by state law to authorize the entity to be a debtor under Chapter 9). Section 23-48 of the North Carolina General Statutes (the "NC Authorizing Statute") authorizes any county or city in the State to file a Chapter 9 bankruptcy case, but only with the approval of the LGC. While the 2024 Bonds are outstanding, the provisions of the Bankruptcy Code and applicable North Carolina law, including the NC Authorizing Statute, may be amended, supplemented or repealed; therefore, it is not possible to predict whether and under what conditions the County may be authorized to become a debtor in a bankruptcy case and how any such bankruptcy case might affect holders of the 2024 Bonds in the future.

If the County were to initiate bankruptcy proceedings under Chapter 9 with the consent of the LGC, the bankruptcy proceedings could have material and adverse effects on holders of the 2024 Bonds, including (1) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County; (2) the incurrence of additional debt, including the claims of those supplying good and services to the County after the initiation of bankruptcy proceedings and the expenses of administering the bankruptcy case, which may have a priority of payment superior to that of the bondholders; and (3) the possibility of the adoption of a plan for the adjustment of the County's debt without the consent of all of the Owners of the 2024 Bonds, which plan may restructure, delay, compromise or reduce the amount of the claim of the Owners of the 2024 Bonds. In addition, the Bankruptcy Code might invalidate any provision of the documents that makes the bankruptcy or insolvency of the County an event of default.

The effect of the Bankruptcy Code on the rights and remedies of the Owners of the 2024 Bonds cannot be predicted with certainty and may be affected significantly by judicial interpretation, general principles of equity and considerations of public policy. Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the 2024 Bonds.

Cybersecurity

The County, like many other public and private entities, relies on a robust and complex technology environment to conduct its operations and faces multiple cybersecurity threats involving, but not limited to, hacking, phishing viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the County may be the target of cybersecurity incidents that could result in adverse consequences to the County and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the County invests in various forms of cybersecurity and operational safeguards. The County maintains cyber liability insurance coverage through the North Carolina Association of County Commissioners Property and Liability Insurance Pool.

While the County's cybersecurity and operational safeguards are periodically tested, the County cannot give any assurances that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the County's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto or protecting against future attacks could be substantial and insurance may not be adequate to cover such losses or other consequential County costs and expenses. Further, cybersecurity breaches could expose the County to material litigation and other legal risks, which could cause the County to incur material costs related to such legal claims or proceedings.

Climate Related Risks

The County is located on the North Carolina coast and comprises the majority of the area known as the Outer Banks, and is therefore particularly susceptible to the effects of extreme weather events and natural disasters, especially floods and hurricanes. While not a yearly occurrence historically, the County has been impacted by hurricanes, tropical storms, and other severe weather events numerous times per decade. The high winds, storm surge and flooding related to those severe weather events have caused significant property damage on occasion and could adversely impact tourism activities in the County. These effects may be amplified by a prolonged global temperature increase over the next several decades (commonly referred to as "climate change"). No assurances can be given that a future extreme weather event driven by climate change will not adversely affect the County.

The County has implemented several programs and initiatives in order to mitigate the potential impacts of climate-related risks. The County maintains a Disaster Recovery Fund as a sub-fund of the General Fund. The purpose of the Disaster Recovery Fund is to track non-recurring public safety expenditures for weather and other emergency events separately and to maintain a fund balance committed for emergency response and recovery. The committed fund balance in the Disaster Recovery Fund is set by policy of the County Board of Commissioners at 1% of the total General Fund operating budget. Such policy is based on the determination by the County that, pursuant to existing State law, the maximum County exposure without State or federal assistance is less than 1% of the General Fund operating budget.

The County conducts an extensive beach nourishment program as part of its climate related risk mitigation efforts. See "THE COUNTY—Government and Major Service—*Dare County Beach Nourishment Program*" and "—*Beach Nourishment Fund*" herein.

Pursuant to the County's Code of Ordinances, last updated in June 2020, in an effort to mitigate damage from flooding and storm surges, the County requires certain construction standards, freeboard requirements and elevation certification. As part of its hazard mitigation effort, the County pursues federal and State funding to elevate homes in the low-lying areas of the County to levels above base flood elevation. Since 2000, the County has spent federal and State funds of over $15 million on home elevation projects.

The County maintains its own debris management and debris monitoring standby contracts. If desired, the County may also use State-wide contracts for the same functions. County contract pricing is lower than the State-wide contracts. The County also maintains a standby contract for emergency management accounting and record keeping services that would provide cost tracking, recordkeeping and preparation and filing of FEMA documentation and project worksheets. In the past, County staff have been able to perform these functions, and the County has never activated these contracts.

As part of the National Flood Insurance Program (the "NFIP"), the County participates in the Community Rating System ("CRS") program, a voluntary program of the NFIP that recognizes participating communities by providing discounts on private and public flood insurance policies for implementing activities in their communities to promote flood hazard awareness and mitigate flood losses. The County has participated in the CRS program since its inception in 1992. The County is ranked as a Class 6 community, and all NFIP policies within its unincorporated areas qualify for a 20% discount. The Towns of Nags Head, Kill Devil Hills, Kitty Hawk and Southern Shores are also rated as Class 6. The Towns of Manteo and Duck are rated as Class 7, which qualifies for a 15% discount.

THE COUNTY

General Description

The County, formed in 1870, is located in northeastern North Carolina along the Atlantic seaboard. The County seat of Manteo is approximately 190 miles east of Raleigh, the State capital, and 80 miles south of the Virginia Beach-Norfolk, Virginia, metropolitan area. Named in honor of Virginia Dare, the first child born of English parents in America, the County is the site of the first English settlement in America. In 1903, the Wright Brothers made their first successful flight at Kitty Hawk in the County. The County is home to two lighthouses, America's oldest outdoor drama, "The Lost Colony," and the tallest sand dunes on the East Coast.

The County covers an area of 1,273 square miles, of which 382 square miles is land. Its average elevation is 11.3 feet. The County contains much of what are known as North Carolina's "Outer Banks" resort and vacation areas. The County is divided into three distinct sections which are separated by bodies of water. Most of the mainland, which lies west of Croatan Sound and is framed by the Albemarle and Pamlico Sounds, is within the Alligator River National Wildlife Refuge or United States Navy and Air Force bombing ranges, and consists almost totally of low lying timberland. Roanoke Island, which is approximately twelve miles long and five miles wide, is well developed and includes the county seat of Manteo. The Outer Banks consist of two coastal islands, each of which is a sandy strip approximately two miles wide and about seventy-five miles long. Unincorporated areas include Roanoke Island, the Mainland, Colington, Rodanthe, Salvo, Waves, Avon, Buxton, Frisco and Hatteras.

Of the County's 250,200 acres, only 16,000, located primarily on the Atlantic barrier islands, are available for development. The land areas which are not available for development are primarily owned by federal and State government agencies, and include the shoreline, wetlands areas and extensive parks. Approximately 25 miles of the Outer Banks are well developed with beach homes, hotels, condominiums and commercial establishments.

The Outer Banks' economy, and thus the County's economy, is driven by recreation and tourism. The County estimates that the average summer (Memorial Day through Labor Day) population is approximately 325,000 people (see "—Demographic Characteristics" below). The County has approximately 2,875 hotel/motel rooms and approximately 12,000 homes or condominiums that are available for rent. The primary tourist attractions are the beach communities (Nags Head, Kitty Hawk, Kill Devil Hills, Southern Shores, Duck, Sanderling, Rodanthe, Waves, Salvo, Avon, Buxton, Frisco and Hatteras); the parks, gardens and wildlife preserves (Elizabethan Gardens, Roanoke Island Festival Park, Alligator River National Wildlife Refuge, Pea Island National Wildlife Refuge, Canadian Hole, Cape Hatteras National Seashore and Monitor National Marine Sanctuary); the Wright Brothers Memorial commemorating the first powered airplane flight; Fort Raleigh (and the production of "The Lost Colony"), commemorating the first permanent English settlement in America in 1587; and the lighthouses at Bodie Island and Cape Hatteras. Additional important segments to the economy include commercial and charter fishing, boat construction, retail outlets, businesses which operate through technology, real estate sales, management and development, construction and retail sales.

There are no significant manufacturers in the County. See "—Commerce, Industry and Employment" below. Government (local, State and federal) agencies and utility services provide relatively substantial numbers of jobs in the County, but because a large part of the County's land area is owned by the State or federal government and thus is not subject to taxation, the federal government makes payments to the County annually as compensation for this tax immunity.

There are no rail facilities in the County; however, it is served by three U.S. highways and three N.C. highways. There is one airport located in the County. The Dare County Regional Airport, located near Manteo, provides for general aviation and direct charter flights to and from the Outer Banks. In addition, there are two airstrips: the First Flight Airstrip (located in Kill Devil Hills next to the Wright Brothers Memorial) and the Billy Mitchell Airstrip (located in Frisco on Hatteras Island). General commercial service is provided by the Norfolk International Airport, approximately 100 miles away in Norfolk, Virginia. See "—Government and Major Services—*Transportation*" below.

The County's permanent population has increased rapidly over the years, increasing by 70.0% from 1980 to 1990, 31.7% from 1990 to 2000, 13.2% from 2000 to 2010, and 8.8% from 2010 to 2020. The County is a retirement location for people of relative wealth.

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the County to be as follows:

1980	1990	2000	2010	2020
13,377	22,746	29,967	33,920	36,915

Note: Permanent population. The County estimates that the average summer (Memorial Day through Labor Day) population is approximately 325,000 people.

The North Carolina Office of State Budget and Management estimated the population of the County to be 37,865 as of July 1, 2022 (the latest data available).

Per capita income for the County and the State, and County per capita income as a percentage of State per capita income, for the last five calendar years such information is available is presented in the following table:

Year	County	State	County as % of State
2018	$54,738	$46,040	119%
2019	59,714	48,366	124
2020	64,544	51,781	125
2021	72,122	56,705	127
2022	76,100	58,109	131

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Commerce, Industry and Employment

Traditionally, the economy of the County has been based in four major employment sectors: travel and tourism, retail and wholesale trade, the service industries and government.

Travel and Tourism. According to the North Carolina Department of Commerce Economic Development Partnership of North Carolina/Visit NC, domestic tourism in the County generated an economic impact of $1,826,650,000 in 2021 and $1,973,690,000 in 2022. The County ranked 4th in travel impact among the State's 100 counties in 2022, with approximately 12,030 jobs in the County directly attributable to travel and tourism. Travel to the County generated $444,300,000 in payroll in 2022, and state and local tax revenues from travel to the County amounted to $140,200,000. Hotel/motel room sales increased 57.2% from the Fiscal Year ended June 30, 2019 to the Fiscal Year ended June 30, 2023. The following table shows hotel/motel room sales for the Fiscal Year ended June 30 in the years specified:

	2019	2020	2021	2022	2023
Lodging Room Sales[1]	$511,338,807	$486,673,922	$731,855,618	$786,974,532	$803,980,966

Source: County Finance Department.
[1] Includes all sales subject to occupancy taxes, including rental homes.

The County collects a tax of 1% of the sales price of prepared foods and beverages sold within the County. The following table shows the prepared foods and beverages sales within the County for the Fiscal Year ended June 30 in the years specified:

	2019	2020	2021	2022	2023
Prepared Foods Sales	$267,825,485	$239,141,738	$302,460,574	$359,839,346	$372,547,100

Source: County Finance Department.

Retail Trade. The following table reflects the taxable retail sales and purchases in the County during the Fiscal Years shown below:

Fiscal Year Ended June 30	Taxable Retail Sales	Increase (Decrease) Over Previous Year
2019	$1,599,187,555	3.1%
2020	1,560,596,499	(2.4)
2021	2,055,154,840	31.7[1]
2022	2,311,533,280	12.5[1]
2023	2,392,569,068	3.5
2024[2]	1,820,548,774	--

Source: North Carolina Department of Revenue.

[1] The large increase in taxable sales for Fiscal Years 2021 and 2022 may have been due, at least in part, to shifts in consumer spending and direct stimulus support given to households during the COVID-19 pandemic, along with rising inflation.

[2] For the eight-month period ended February 29, 2024. The comparable figure for the eight-month period ended February 28, 2023 was $1,767,714,438.

Services Industry. The service industry accounted for 49.6% of average employment in the County in 2022. Growth in this industry is related to property management and health care. The majority of rental homes utilize property management services, usually through a real estate agency for rental, maintenance and management of vacation rental properties. Those agencies in turn contract with other service firms for cleaning, linen, pool and hot tub and grounds maintenance services. Traditional real estate and mortgage brokerage services are also in demand. The health care industry has grown in response to the growing seasonal and permanent populations, the growing number of retirees making the County their permanent residence and the establishment of the Outer Banks Hospital (a joint venture between ECU Health and Chesapeake Healthcare).

Largest Employers. Government employment is significant due to the large number of State and federal sites, facilities, parks and refuges located within the County (see "—Government and Major Services—*Parks and Recreation*"). The County is also home to a U.S. Coast Guard station, a U.S. Navy bombing range and a U.S. Air Force bombing range. Units of local government employ significant numbers to serve the needs of the seasonal population. The following table lists the ten largest employers in the County area for 2023 in "full-time equivalent" employees:

Company or Institution	Total County Employment	Percentage of Total County Employment
County of Dare	743	3.44%
Dare County Schools	731	3.39
ECU Health	250-499	1.74
Food Lion	250-499	1.74
Village Realty	250-499	1.74
NC Department of Transportation	100-249	0.81
Twiddy & Company	100-249	0.81
Carolina Designs Realty Inc.	100-249	0.81
Surf Or Sound Realty	100-249	0.81
Wal-Mart Associates Inc.	100-249	0.81

Source: NC Department of Commerce; County Fiscal Year 2023 Annual Comprehensive Financial Report.

Building and Construction. Construction activity in the County is evidenced by the following table which summarizes the number and value of new construction building permits issued in the County for the following calendar years:

Calendar Year	Building Permits Issued	Building Permit Values
2019	4,906	$187,255,645
2020	4,823	215,362,810
2021	5,147	257,638,223
2022	5,158	373,905,018
2023	5,289	378,083,703

Source: County Tax Department.

Unemployment. The County's unemployment rate is usually very low during the summer season (from April through October) and is much higher during the off-season. The Bureau of Labor Statistics has estimated the percentage of unemployment in the County to be as follows:

	2019	2020	2021	2022	2023	2024
January	8.0%	7.9%	10.6%	7.0%	7.3%	6.5%
February	8.1	7.5	10.8	7.0	7.2	6.9
March	6.4	7.5	8.8	6.0	5.4	5.2 [p]
April	4.4	29.7[1]	6.4	4.4	3.7	
May	4.0	19.5	5.6	3.9	3.4	
June	3.7	9.8	5.3	3.7	3.0	
July	3.6	8.1	4.6	3.1	2.8	
August	3.6	5.7	4.4	3.4	2.8	
September	3.2	5.3	3.6	3.0	2.7	
October	3.5	4.6	4.1	3.7	2.9	
November	4.0	5.3	4.2	4.0	3.3	
December	4.6	6.7	4.6	4.4	4.1	

[p] Preliminary.
[1] Impacted by COVID-19.
Note: Not seasonally adjusted.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Government and Major Services

Government Structure. The County is governed by a seven-person Board of Commissioners (the "Board") elected on a County-wide basis in partisan elections held in even years. Each Board member serves for a term of four years and the terms of the members are staggered. The Board's present members are as follows:

Name	Occupation	Term Expires (Dec.)	Service Began
Robert L. "Bob" Woodard Sr., Chairman	Retired	2024	2012
Wally Overman, Vice Chairman	Retired	2024	2013
Ervin Bateman	Restaurateur	2026	2018
Danny Couch	Business Owner	2024	2016
Steve House	Business Owner	2024	2016
Rob Ross	Retired	2026	2017
Bea Basnight	Retired Educator	2024	2023

The Board appoints a County Manager to serve as the County's chief executive officer. The County Manager serves at the pleasure of the Board, implements its policies, directs business and administrative procedures and appoints, under the Board's control, all department heads and officials.

The County Manager and County Attorney is Robert L. Outten who was appointed to serve as the full time County Attorney on December 12, 2007, and the County Manager on July 1, 2009. Prior to his appointment, Mr. Outten was in private practice with the law firm of Sharp, Michael, Outten and Graham, LLP in Kitty Hawk, North Carolina where he represented the County from 2001 until 2003 and from 2005 until taking the full time County Attorney position in 2007. During his time in private practice, in addition to representing the County, Mr. Outten served as the Town Attorney for Kill Devil Hills and Kitty Hawk, and represented other local government entities in northeastern North Carolina as well as citizens and businesses needing legal assistance before State and local agencies. Mr. Outten received a Bachelor of Science degree in business administration from The University of North Carolina at Chapel Hill in 1979 and a law degree from Wake Forest University School of Law in 1982. He is a member of the American Bar Association, North Carolina State Bar, the First Judicial District Bar and the North Carolina Bar Association.

The County Finance Director is J. David Clawson, Jr., who was appointed to this position in March 1991 and was appointed Deputy County Manager in 2017. Mr. Clawson received an undergraduate degree in accounting from The University of North Carolina at Chapel Hill in 1982 and an MBA with a concentration in finance from the University of Cincinnati in 1986. After four years with the audit staff of the accounting firm of Touche Ross & Co. and Deloitte & Touche, Mr. Clawson was appointed the County's Chief Accountant in March 1990. A member of the American Institute of Certified Public Accountants, Mr. Clawson is also a member of the North Carolina Association of Certified Public Accountants, the Government Finance Officers Association and the North Carolina Government Finance Officers Association. Mr. Clawson has been a CPA since 1986, is a chartered global management accountant and serves on the Government Finance Officers Association Special Review Committee.

Elementary and Secondary Education. Dare County Schools is governed by the seven-member Board of Education and administered by the Superintendent of Schools. There are two high schools, one secondary school (6-12), two middle schools, five elementary schools and two private schools in the County. All children 7-16 years of age are required to be enrolled in school. Children who are 5 years old by August 31 are eligible to attend kindergarten.

The following table illustrates the number of public schools and the first month average daily enrollment, including Pre-K, for the last five years:

School Year	No.	Enrollment
2018-19	9	5,172
2019-20	9	5,278
2020-21	10	5,296
2021-22	10	5,081
2022-23	10	4,984
2023-24	10	4,946

Source: County Fiscal Year 2023 Annual Comprehensive Financial Report; NC Department of Public Instruction, First Month Average Daily Membership. 2023-2024 is a State projection.

Higher Education. The College of the Albemarle (the "COA") serves the Outer Banks through its branch location in Manteo (the "Roanoke Island Campus") and its main campus in Elizabeth City. COA is one of 59 member institutions of the North Carolina System of Community Colleges. The Roanoke Island Campus is located waterside in Manteo and is easily accessible from the North Beaches, Hatteras Island, the Mainland and nearby Currituck County. Diploma and certificate programs provide full access to COA's college transfer associate degree programs and general education courses. Programs and classes offered at the Roanoke Island Campus include basic skills, English as a second language, high school equivalency, hospitality and tourism, HVAC technology, Nurse Aid I and II, professional crafts – jewelry, welding technology, and workforce development and career readiness.

The County provides $250,000 per Fiscal Year to the COA Foundation for the Dare Guarantee Scholarship Program, which provides scholarships to graduates of Dare County Schools, with priority given to those attending COA at the Roanoke Island Campus. Scholarships provide COA tuition and fees not covered by financial aid and other scholarships, and additional funds may be awarded for books and computer needs.

Two universities also directly serve the County. Elizabeth City State University (located in Elizabeth City, North Carolina) and East Carolina University (located in Greenville, North Carolina) are both located within commuting distance from the County.

On February 10, 2001, the Board of Governors of the University of North Carolina approved the creation of the UNC Coastal Studies Institute ("CSI"), which is located on Roanoke Island. Construction of CSI was completed in late 2012. Led by East Carolina University ("ECU"), CSI is a multi-institutional research and educational partnership of the UNC System including North Carolina State University, UNC Chapel Hill, UNC Wilmington and Elizabeth City State University. CSI focuses on integrated coastal research and education programming centered around the needs, issues and concerns of coastal North Carolinians by bringing together the various disciplines of both the natural and social sciences. CSI's mission is to undertake research, offer educational opportunities and provide community outreach that embraces the unique history, culture and environment of the maritime counties of northeastern North Carolina. The research expertise of CSI spans a variety of coastal disciplines including coastal dynamics, ecology, biology, economics, environmental geography, social and behavioral sciences and engineering. The program uses an interdisciplinary approach and scientific advances to provide effective solutions to complex problems while helping coastal communities, ecosystems, and economies thrive (www.coastalstudiesinstitute.org). Engagement is core to the mission and CSI has a robust outreach program with staff that are actively engaged with coastal communities through meaningful education offerings for the general public, life-long learners, K-12 students and teachers. CSI is located on the ECU Outer Banks Campus on Roanoke Island. The campus site is adjacent to the Croatan Sound, part of the Albemarle-Pamlico estuarine system, the second-largest estuary in the United States. The LEED Gold certified coastal campus spans 213 acres of marshes, scrub wetlands, forested wetlands, and estuarine ecosystems.

Parks And Recreation. Some of the area's most well-known sites include the Wright Brothers National Memorial, Jockey's Ridge State Park, Cape Hatteras National Seashore, Nags Head Woods Ecological Preserve, Cape Hatteras Lighthouse, Elizabeth II State Historic Site, North Carolina Aquarium, Fort Raleigh National Historic Site, Roanoke Island Festival Park, Alligator River National Wildlife Refuge and Pea Island National Wildlife Refuge. The County and municipalities within the County also operate extensive local parks and recreation facilities. The North Carolina Department of Transportation and the municipalities within the County have funded and constructed a significant system of bicycle paths and trails.

Health Care. The Outer Banks Hospital ("OBH"), located in Nags Head, is a full service, community hospital offering a wide range of inpatient and outpatient services. A joint venture between ECU Health and Chesapeake Regional Healthcare, the 87,265 square-foot facility includes 18 acute care medical-surgical beds, two labor and delivery/recovery/post-partum beds, one level II nursery bed and three operating rooms, a designated caesarean section room, outpatient and diagnostic services, and a 24-hour emergency department.

Designed especially to meet the health needs of a coastal community with a year-round population of 35,000 that swells to approximately 325,000 in the summer season, OBH has approval as a provider of Medicare and Medicaid programs, licensure by the Division of Facility Services, and accreditation by the Joint Commission on the Accreditation of Healthcare Organizations, College of American Pathologists and the American College of Radiology.

The County has eight fully equipped EMS stations, including an Airbus H-145 helicopter unit that operates 24 hours a day with advanced life support capabilities. Dare MedFlight has a staff of five pilots, two full-time mechanics and 12 flight paramedics. The Airbus H-145 is capable of carrying two patients in addition to air crew members. The aircraft has advanced safety features including enclosed tail rotors and a four-axis pilot system. Dare MedFlight began operating in 1975 to ensure all levels of medical care are accessible for residents and visitors. A helicopter drastically reduces transport times for patients needing rapid transfer to hospitals outside of the County providing trauma and other critical care services.

Transportation. The County is served by three U.S. highways. U.S. 64/264 connects the Outer Banks with the mainland and connects eastern North Carolina with the State capital of Raleigh and points farther west. U.S. Highway 64/264 intersects with U.S. 158, the coastal highway which extends the northern half of the Outer Banks and connects the County with the extreme northeastern mainland of North Carolina and, ultimately, the tidewater area of eastern Virginia and the Norfolk metropolitan area via the Chesapeake Expressway. U.S. 158 connects Kitty Hawk with Elizabeth City, where it intersects with U.S. Highway 17, which extends the entire East Coast of the

United States. Several state highways also traverse the County: N.C. 12, which connects the County with Currituck County and the lower Outer Banks to Hatteras Inlet; and N.C. 345, which extends from Manteo to Wanchese on lower Roanoke Island.

The Virginia Dare Memorial Bridge opened in August 2002. The bridge provided a new route for U.S. 64/264 from Roanoke Island to the mainland of the State. The four-lane bridge, at 5.2 miles, provided significant improvements in travel times to the rest of the State. The bridge also serves to significantly aid hurricane evacuation.

The Marc Basnight Bridge replaced the Bonner Bridge, spanning Oregon Inlet between Hatteras and Bodie Islands, and opened in February 2019. The 2.8-mile, $254 million bridge provides a modern link between Hatteras and Bodie Islands with a 100-year service life and improves access to jobs, healthcare, education and recreation. The centerpiece of the bridge is a 3,550-foot-long, 11-span, segmental concrete box girder unit. This structure provides nine 350-foot spans, any of which can accommodate the shifting position of the navigation channel through the ever-changing Oregon Inlet, and is the third-longest continuous segmental concrete box girder unit in North America.

Construction was completed in July 2022 on a $145 million project to elevate the portion of N.C. 12 just north of the village of Rodanthe onto a 2.4-mile bridge – known as a jug handle – that extends from the southern end of the Pea Island National Wildlife Refuge over the Pamlico Sound and into Rodanthe.

North Carolina state-owned ferry service operates across Hatteras Inlet to connect the village of Hatteras with Ocracoke Island in neighboring Hyde County. The State ferry maintenance yard facility is located in Manns Harbor on the County mainland.

There are no rail facilities in the County. The Dare County Regional Airport, located near Manteo, provides for general aviation, as well as car rentals. Commercial service is provided by the Norfolk International Airport, approximately 100 miles away in Norfolk, Virginia. Service is provided by Allegiant, American, Breeze, Delta, Frontier, Southwest, Spirit and United.

Electricity and Gas. Electric service is provided by Dominion Energy North Carolina, Cape Hatteras Electric Cooperative and Tideland Electric Membership Corporation. Natural gas is distributed by several private companies.

Fire Services. Fire protection service is provided in the County by the Towns of Nags Head, Kill Devil Hills, Kitty Hawk and Duck, and 12 volunteer fire departments and one rescue district for which the County levies ad valorem taxes.

Solid Waste Services. The County levies an ad valorem tax for solid waste collection service in 16 sanitation districts in the County. For solid waste disposal, the County participates in a joint venture to operate the Albemarle Regional Solid Waste Management Authority (the "Authority") with seven other counties, each of which appoints one voting and one nonvoting member of the Authority's governing board. The Authority was created to serve the solid waste disposal needs of the member counties and subsequently contracted with a private regional landfill for waste disposal. The County has an ongoing financial responsibility for a portion of the Authority's administrative expenses under an intergovernmental agreement, which amount is determined on a tonnage basis among members. Each municipality within the County is responsible for its own solid waste collection and recycling. The County contracts to perform this service for the Town of Kitty Hawk.

Wastewater. Sanitary sewer service is generally provided in the County by individual septic tank systems and a number of package plants serving individual industries. Manteo, the village of Stumpy Point (County), and a portion of Kill Devil Hills are served by a public sewer system.

Water. The County serves approximately 21,617 customers in the Towns of Kitty Hawk, Duck and Southern Shores and in certain unincorporated areas of the County (Sanderling, Martin's Point, Colington, Roanoke Island, Rodanthe, Waves, Salvo, Avon, Buxton, Frisco, Hatteras and Stumpy Point). The County utilizes a rate structure that incorporates a minimum quarterly base charge and seasonally adjusted usage rates with aggregate annual base charges sufficient to equal annual debt service.

Dare County Beach Nourishment Program. Beach nourishment is the process of pumping sand onto the shoreline in order to address the critical issue of erosion by widening the existing beach. Sources of the sand pumped onto the beach may include a nearby sandbar, a dredged source (such as an inlet or waterway) or an offshore borrow site located along the ocean floor. The widened shoreline that is created once a beach nourishment project is complete provides an increased line of defense against the strong waves and high winds caused by coastal storms that contribute to beach erosion and can have devastating effects on coastal communities. A primary goal of beach nourishment projects in the County is to protect N.C. 12 from damage due to storm surge and overwash. Beach nourishment projects in the County are designed to last approximately five years under normal conditions.

Beach Nourishment Fund. The County's Beach Nourishment (Special Revenue) Fund (the "Fund") is funded by a 2% occupancy tax that is restricted by legislation to be used for the placement of sand from other sand sources, the planting of vegetation and the building of structures that are in conformity with the North Carolina Coastal Area Management Act (such as sand fences and dunes) on beaches of the Atlantic Ocean of the State for the purpose of widening the beach to benefit public recreational use and mitigating damage and erosion from storms to inland property. The tax generated $15,708,688 and $16,082,835 in the Fiscal Years ended June 30, 2022 and 2023, respectively, and is budgeted to generate $16,500,000 in the Fiscal Year ending June 30, 2024.

The County maintains a multi-year beach nourishment funding model used to assess the ability of the Fund to meet the needs of debt service for past projects, the need and costs for future maintenance of past projects, and to determine the Fund's capacity for additional projects. Obligations of the County related to the financing of beach nourishment projects are listed in Note 14.C. in Appendix A hereto. With State and federal assistance, beach nourishment projects were completed in 2022 in the Towns of Southern Shores, Kitty Hawk, Nags Head and Kill Devil Hills and the villages of Avon and Buxton on Hatteras Island. A beach nourishment project was completed in the Town of Duck in 2023, Nags Head completed a FEMA deferred maintenance project in 2023, and an additional maintenance project is planned for Nags Head in 2027.

Debt Information

Legal Debt Limit. In accordance with the provisions of the State Constitution and the Local Government Bond Act, as amended, the County had the statutory capacity to incur additional net debt in the amount of $1,250,710,105 as of June 30, 2023.

General Obligation Debt of the County. The County has no outstanding general obligation bonds and has no authorized but unissued general obligation bond debt.

General Obligation Debt Ratios.

At June 30	Total GO Debt *(in thousands)*	Assessed Valuation *(in thousands)*[1]	Percent of Valuation	Population[2]	Total GO Debt per Capita	Total Assessed Value per Capita
2019	$0	$13,496,811	0.0%	37,009	$0	$364,690
2020	0	13,609,348	0.0	36,915	0	368,667
2021	0	16,877,630	0.0	36,718	0	459,655
2022	0	17,046,684	0.0	37,865	0	450,196
2023	0	17,260,290	0.0	37,865[3]	0	455,838

[1] The County last performed a reassessment of property values effective for the Fiscal Year ending June 30, 2020. The next property revaluation is currently expected to be conducted on January 1, 2025 for the tax levy associated with Fiscal Year 2026.
[2] Source: U.S. Census Bureau (data.census.gov).
[3] 2022 population.

General Obligation Debt Information for Underlying Units as of June 30, 2023.

Unit	Direct Debt Outstanding	Estimated % Applicable	Estimated Share of Direct and Overlapping Debt
Duck	$ 2,730,272	100%	$ 2,730,272
Kill Devil Hills	7,556,385	100	7,556,385
Kitty Hawk	4,016,343	100	4,016,343
Nags Head	26,125,350	100	26,125,350
Dare County Board of Education	126,288	100	126,288
Southern Shores	4,603,243	100	4,603,243

Source: County Fiscal Year 2023 Annual Comprehensive Financial Report.

Revenue Debt of the County. As of April 1, 2024, the County had $19,190,000 of its Utilities System Revenue Bonds outstanding. These bonds are special obligations of the County and are secured by and payable solely from the revenues received from operation of the water and sewer system.

Other Long-Term Commitments. As of April 1, 2024, the County had limited obligation bonds with a total outstanding principal amount of $81,816,789, not including the Prior Bonds, and installment financing contracts from direct borrowings and direct placements with a total outstanding principal amount of $9,644,711. The debt service on these obligations due after April 1, 2024 is listed in the table below and does not include installment payments for the 2024 Bonds and the Prior Bonds under the Contract. A table summarizing the installment payments for the 2024 Bonds and the Prior Bonds under the Contract is shown under "ANNUAL INSTALLMENT PAYMENT REQUIREMENTS" herein.

Fiscal Year	Principal	Interest	Total Principal and Interest Payments
2024	$15,518,350	$ 1,006,369	$ 16,524,719
2025	18,883,461	1,791,731	20,675,192
2026	14,251,678	1,429,493	15,681,171
2027	13,358,027	1,146,253	14,504,280
2028	5,063,697	900,511	5,964,209
2029	4,762,287	769,918	5,532,205
2030	2,204,000	653,743	2,857,743
2031	2,000,000	574,407	2,574,407
2032	1,700,000	504,150	2,204,150
2033	1,700,000	439,300	2,139,300
2034	1,700,000	374,450	2,074,450
2035	1,700,000	309,600	2,009,600
2036	1,695,000	258,600	1,953,600
2037	1,385,000	207,750	1,592,750
2038	1,385,000	166,200	1,551,200
2039	1,385,000	124,650	1,509,650
2040	1,385,000	83,100	1,468,100
2041	1,385,000	41,550	1,426,550
Total	$91,461,500	$10,781,775	$102,243,275

Note: Totals may not foot due to rounding.

Debt Outlook. The County adopts separate capital improvement plans for governmental and business-type activities. In addition to the 2024 Projects, the current governmental capital improvement plan (updated in August 2023) incorporates debt issuances for: (a) $49,137,507 of debt over a 20-year term for the new construction to replace Dare County EMS Station 5 in Nags Head and the reconstruction of the Dare County Public Works Department facilities in Manteo and Buxton to begin in the first quarter of 2025, and (b) the renovation of the EMS Station 2 in Manteo, the EMS Station 3 in Frisco and the EMS Station 6 in Rodanthe, as well as updates and renovations to various Dare County Parks and Recreation facilities; projected cost and timeline is dependent upon the funding that is available upon the completion of prior projects.

The County expects to finance an early college facility for Dare County Schools in summer or fall of 2025 at an amount currently estimated to not exceed $25,000,000. The early college application has been approved by the State Department of Public Instruction and the facility will be located on the community college campus on Roanoke Island.

The adopted business-type (Water System) capital improvement plan for 2023 through 2028 does not include any debt issuances.

The County also expects to finance the following beach nourishment projects payable from the Beach Nourishment (Special Revenue) Fund and the 2% occupancy tax restricted for beach nourishment: (a) in 2027, pursuant to an interlocal agreement with Nags Head, $12,500,000 for a beach nourishment project in Nags Head, and (b) in 2027 (for completion in 2028), $30,560,000 for beach nourishment projects in Buxton and Avon, and pursuant to interlocal agreements with Kill Devil Hills, Kitty Hawk, Southern Shores and Duck, $18,870,300 for beach nourishment projects in those Towns.

Tax Information

General Information.

	Fiscal Year Ended June 30 (in Thousands)				
	2019	2020	2021	2022	2023
Assessment Ratio[1]	100%	100%	100%	100%	100%
Real Property	$12,438,237	$12,540,746	$15,706,829	$15,829,674	$15,985,102
Personal Property	899,651	927,858	1,026,345	1,071,150	1,123,588
Public Service Companies[2]	158,889	140,710	144,452	145,847	151,590
Total Assessed Valuation	13,496,811	13,609,348	16,877,630	17,046,685	17,260,290
Rate per $100	0.47	0.47	0.4005	0.4005	0.4005
Levy[3]	63,442,574	63,98,689	67,709,585	68,329,202	69,187,308
Total Assessed Valuation per Capita	410	434	435	450	456

Source: County Fiscal Year 2023 Annual Comprehensive Financial Report.
[1] Estimate of sales prices as a percentage of appraised value.
[2] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Department of Revenue.
[3] For the General Fund only, not presented in thousands.

Tax Collections.

Year Ended June 30	Total Tax Levy	Collections in Year Levied	Percentage of Levy Collected in Year Levied	Cumulative Collections	Total Percentage Collected
2019	$ 63,442,574	$ 63,127,143	99.5%	$ 63,436,906	99.5%
2020	63,986,689	63,507,853	99.3	63,907,748	99.9
2021	67,709,585	67,492,796	99.7	67,624,565	99.9
2022	68,329,202	68,079,896	99.6	68,079,896	99.6
2023	70,137,295	69,916,076	99.7	--	--

Source: County Tax Department; County Fiscal Year 2023 Annual Comprehensive Financial Report.

Ten Largest Taxpayers for Fiscal Year 2023.

Name	Type of Enterprise	2023 Assessed Valuation	% of Total Assessed Valuation
Dominion NC Power	Utilities	$ 90,445,246	0.51%
Barrier Island Station Inc.	Resort	53,227,842	0.30
Billy G. Roughton	Real estate developer	42,467,207	0.24
Brian K. Newman	Real estate developer	35,578,009	0.20
Outer Banks Beach Club	Resort	25,887,000	0.14
CWI Sanderling Hotel LP	Resort	24,881,866	0.14
Ships Watch Association	Resort	24,612,000	0.13
Croatan Surf Club, LLC	Resort	23,614,200	0.13
Carolina Telephone	Utilities	20,366,627	0.11
OBX Resort, LLC	Resort	19,664,800	0.11
		$360,744,797	2.01%

Source: County Tax Department; County Fiscal Year 2023 Annual Comprehensive Financial Report.

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FINANCIAL INFORMATION

The financial statements of the County have been audited by certified public accountants through the Fiscal Year ended June 30, 2023. Copies of these financial statements containing the unqualified opinion of the independent certified public accountants are available in the office of Mr. J. David Clawson, Jr., Finance Director, P.O. Box 1000, 954 Marshall C. Collins Drive, Manteo, North Carolina 27954, (252) 475-5730. The audited financial statements of the County for the Fiscal Year ended June 30, 2023 are included in Appendix A attached hereto.

County of Dare, North Carolina
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Total Governmental Funds For Fiscal Years Ended June 30, 2019 – 2023

	2019	2020	2021	2022	2023
REVENUES					
Ad Valorem Taxes	$ 67,931,216	$ 68,266,765	$ 72,811,285	$ 74,102,094	$ 75,426,521
Other taxes	41,356,620	40,111,092	59,946,929	65,085,673	61,938,579
Unrestricted intergovernmental	1,399,718	1,396,873	1,936,457	1,793,593	2,273,248
Restricted Intergovernmental	11,953,424	20,708,910	12,615,152	17,348,024	29,147,487
Permits and fees	2,585,945	2,967,293	6,691,825	7,096,992	5,414,636
Sales and services	9,993,998	8,821,014	9,019,213	9,448,697	8,566,914
Interest earnings	2,355,309	1,589,917	74,070	(1,863,663)	4,672,428
Other	944,256	2,217,012	970,273	9,399,144	22,114,983
Total Revenues	$138,520,486	$146,078,876	$164,065,204	$182,410,554	$209,554,796
EXPENDITURES					
Current:					
General Government	$ 11,445,928	$ 12,119,002	$ 13,913,365	$ 15,069,150	$ 14,611,819
Public Safety	30,760,920	34,431,996	33,135,693	37,352,979	37,328,129
Economic & physical development	3,793,495	4,790,046	7,808,812	9,698,952	33,928,398
Human Services	16,789,498	17,253,923	17,826,397	16,659,907	17,245,895
Cultural & Recreational	4,828,346	4,660,391	4,643,778	5,981,729	6,122,987
Environmental protection	8,114,145	8,435,896	8,800,804	9,326,518	10,331,075
Education	25,943,311	24,225,934	24,541,974	26,099,082	24,373,593
Airport	813,859	853,062	824,398	827,440	902,816
Capital outlay	12,522,089	9,963,409	20,077,245	31,830,552	41,447,145
Debt Service					
Principal	20,778,667	20,501,185	20,751,327	20,614,764	33,726,543
Interest	4,202,176	3,190,822	2,407,560	3,249,037	2,732,374
Bond issuance costs	-	-	508,727	368,820	527,417
Total Expenditures	$139,992,434	$140,425,666	$155,240,080	$177,078,930	$223,278,191
REVENUES OVER (UNDER) EXPENDITURES	$ (1,471,948)	$ 5,653,210	$ 8,825,124	$ 5,331,624	$(13,723,395)
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 7,178,877	$ 4,933,609	$ 3,140,837	$ 4,142,944	$ 10,630,916
Transfer out	(7,178,877)	(4,933,609)	(3,140,837)	(4,142,944)	(10,630,916)
Installment financings issued	13,619,036	25,485,943	29,899,721	44,993,640	41,138,928
Premium on installment financing	-	-	4,840,520	-	5,286,470
Lease liabilities issued	-	-	-	-	9,998
Issuer contribution on installment fin.	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Payment of installment fin. escrow	-	(23,259,385)	-	-	-
Swap termination payment	-	-	-	-	-
Sale of capital assets/surplus property	179,025	89,207	147,038	269,351	188,691
Total Other Financing Sources (Uses)	$ 13,798,061	$ 2,315,765	$ 34,887,279	$ 45,262,991	$ 46,624,087
NET CHANGE IN FUND BALANCES	$ 12,326,113	$ 7,968,975	$ 43,712,403	$ 50,594,615	$ 32,900,692

Budget Results and Outlook

The emergence of COVID-19 in March 2020 disrupted the local economy prior to the traditional Memorial Day weekend start of the tourism season for 2020 after a strong 2019 tourism season. The local economy rebounded quickly with results exceeding those of 2019, likely due to the County's conduciveness to social distancing and the rental home inventory available for teleworking and remote schooling, as shown in the increases and decreases in certain revenue sources in the following table.

Revenue Source	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual
Article 39 Sales Tax	(0.17)%	30.39%	10.81%	3.66%
Article 40 Sales Tax	3.92	16.32	13.24	8.38
Article 42 Sales Tax	(0.68)	31.55	11.07	3.38
Occupancy Tax	(4.82)	50.27	7.53	2.38
Land Transfer Tax	0.41	126.43	4.75	(36.47)
Register of Deeds	4.81	111.37	(0.46)	(36.46)

Fiscal Year 2023 General Fund (unconsolidated) revenues were $2,763,404 over budget. Without budgetary offsets (see the discussion of Sales and Services below), revenues were $4,083,230 over budget. Sales and Services revenues were $1,551,736 under budget. Without $1,319,826 of budgetary offsets used to show the cost of school nurses and school resources officers in the budget (with no actual revenue), Sales and Services were $231,910 under budget. Ad valorem taxes were $226,070 over budget due to a small increase in the current year collection rate. Other taxes were $480,533 over budget due to sales and occupancy tax growth rates exceeding conservative budgetary increases. As shown in the table above, sales and occupancy tax growth continued during the Fiscal Year ended June 30, 2023. Unrestricted intergovernmental revenues were $757,248 over budget due to ABC profits being over budget by $314,469 from the same factors driving sales tax growth, and due to an unexpected State Medicaid hold harmless receipt $341,752 greater than budget (amount determined by sales tax growth versus State Medicaid expense growth). Restricted intergovernmental revenues were $970,954 under budget. $713,618 of revenue was recognized from grants awarded and budgeted late in the prior fiscal year. Permits and fees were $532,809 over budget with Register of Deeds revenue stamps $374,829 over a conservative budget (the actual decreased by 36.92%). Building permits were $230,646 over budget due to a budget that assumed a return to historically normal levels.

Fiscal Year 2023 General Fund expenditures were $12,746,861 under budget (9.86%). Without the budgetary offsets mentioned above under Sales and Services of $1,319,826, without other budgetary offsets of $82,388, and without outstanding purchase orders at year-end of $3,569,561, expenditures were $7,775,086 under budget (6.02%).

The General Fund budget adopted for the Fiscal Year ending June 30, 2024 increased by $6,118,857 or 4.9%. As previously discussed, the County recovered from negative economic effects of COVID-19 in June 2020 and has experienced significant revenue increases since. The 2024 General Fund budget assumed that increased revenue levels of the prior three years represent a new normal.

A property revaluation was effective with the Fiscal Year ended June 30, 2021 and the property tax rate remains unchanged at 40.05 cents for the Fiscal Year ending June 30, 2024. The next property revaluation is scheduled to be effective for the Fiscal Year ending June 30, 2026. Major revenues were budgeted with projected increases as compared to the Fiscal Year ended June 30, 2023 actual results: local sales taxes – a 3.25% increase; statewide sales tax – a 6.0% increase; occupancy tax – a 3.0% increase; and land transfer tax – a 4.2% decrease. Appropriated fund balance was budgeted at $3,125,000 or 2.4% of the total budget. Unassigned fund balance at the end of the Fiscal Year ending June 30, 2024 was projected to be greater than the target percentage.

The expenditure budget was adopted with additions and increases that included the following: $1,867,322 for salary study implementation; $1,538,012 for a 3% cost of living pay adjustment; $1,551,762 to increase Dare County Schools local current expense funding; and $667,181 for Emergency Medical Services.

The County currently projects that for the Fiscal Year ending June 30, 2024, revenues will come in over budget by 1.78% and expenditures will come in under budget by 2.79%, resulting in a positive variance of $1,312,840 against the operating budget. During the Fiscal Year ending June 30, 2024, the County expects to use $9,432,754 of unassigned fund balance, resulting in a total fund balance decrease of $8,119,914.

Pension Plans

The County participates in the North Carolina Local Governmental Employees' Retirement System.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System ("LGERS") is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of LGERS funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to LGERS.

LGERS provides, on a uniform LGERS-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute 6% of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The contribution rate for the County was 12.10% of eligible payroll for general employees and 13.10% of eligible payroll for law enforcement officers for the Fiscal Year ended June 30, 2023. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins LGERS.

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 any age with 30 years of creditable service. 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). Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to LGERS are determined on an actuarial basis.

Financial statements and required supplementary information for LGERS are included in the Annual Comprehensive Financial Report ("ACFR") for the State. Please refer to the State's ACFR for additional information.

For additional information concerning the County's participation in LGERS, and other pension plans which the County administers or in which the County participates (the Law Enforcement Officers' Special Separation Allowance, the Supplemental Retirement Income Plan of North Carolina and the Register of Deeds Supplemental Pension Fund) see the Notes to the County's Audited Financial Statements in Appendix A.

Other Post-Employment Benefits

The County provides certain other post-employment benefits ("OPEB") as part of the total compensation offered to attract and retain the services of qualified employees. The County provides post-retirement healthcare benefits through the Post-employment Healthcare Benefits Plan ("HCB Plan") as a single-employer defined benefit plan to cover employees retired under LGERS.

The County has elected to partially pay the future cost of coverage for the benefits dependent upon the eligible retiree's length of service with the County. Current retirees (and spouses) hired before July 1, 1999 are not required to make contributions. For all employees hired on or after July 1, 1999 but before June 19, 2007, employees pay nothing for employee-only coverage, and 15% of the estimated premium cost for employee/child or family coverage. For all employees hired on or after June 19, 2007, the County provides, for pre-65 retirees, employee-only coverage at 90% of the cost for a retiree with 20 years of employment with the County, at 95% of the cost for a retiree with 25 years of employment with the County, and at 100% of the cost for a retiree with 30 years of employment with the County. For all employees hired on or after May 18, 2023, the County provides, for pre-65 plan members, employee-only coverage at 100% of the cost for plan members with 30 years of employment with the County. For eligible post-65 plan members, the County provides employee-only coverage through a Medicare Supplemental policy and Medicare Part D policy at the same percentage rates above. Surviving spouses pay 15% of the employee-only estimated premium. The Board may amend plan provisions at any time.

For the Fiscal Year ended June 30, 2023, the actuarially determined annual required contribution ("ARC") was 0% of covered payroll and the County contributed 9.39% of covered payroll. There were no contributions made by employees. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover each year's normal cost and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. As of January 1, 2022, the most recent actuarial valuation date, the HCB Plan was 2.59% funded through an irrevocable trust. The actuarial accrued liability for benefits was $126,271,923 and the actuarial value of assets was $3,276,200, resulting in a net OPEB liability of $122,995,723. The covered payroll (annual payroll of active employees covered by the plan) was $44,439,939, and the ratio of net OPEB liability to covered payroll was 276.77%.

See Note 8 "Other Post-Employment Benefits – Health Benefits" in the Notes to the Financial Statements of Appendix A hereto for a more complete description of such benefits and the County's obligations thereunder.

The County is required by State law to administer a public employee retirement system (the "Separation Allowance"), a single-employee defined benefit pension plan to provide special separation benefits to certain County sworn law enforcement officials. The County administers the Separation Allowance through an irrevocable trust agreement dated October 4, 2021. A Board resolution of that same date appointed the County Manager, the Finance Director and the Human Resources Director as trustees and granted the trustees the authority necessary to perform all duties and obligations related to the trust. Management of the Separation Allowance is vested in the trust trustees. The County does not issue separate Separation Allowance financial statements, and the Separation Allowance irrevocable trust is accounted for as a Pension Trust Fund. Benefit payments are accounted for in a legally budgeted Law Enforcement Officers' Special Separation Allowance Fund which is consolidated into the General Fund.

For the Fiscal Year ended June 30, 2023, the actuarially determined ARC was 0% of covered payroll and the County contributed 63.79% of covered payroll. There were no contributions made by employees. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover each year's normal cost and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. As of December 31, 2022, the most recent actuarial valuation date, the HCB Plan was 86.16% funded through an irrevocable trust. The actuarial accrued liability for benefits was $2,836,225 and the actuarial value of assets was $2,443,815, resulting in a net liability of $392,410. The covered payroll (annual payroll of active employees covered by the plan) was $4,432,453, and the ratio of net liability to covered payroll was 8.85%.

See Note 7.C "Pension Plan Obligations – Law Enforcement Officers' Special Separation Allowance" in the Notes to the Financial Statements of Appendix A hereto for a more complete description of such benefits and the County's obligations thereunder.

Contingent Liabilities

The County has no contingent liabilities which, in the opinion of the County Attorney, would adversely and materially affect the County's ability to meet its financial obligations.

CONTINUING DISCLOSURE

In the First Amendment, the County will undertake, for the benefit of the registered and beneficial Owners of the 2024 Bonds, to provide to the MSRB:

(a) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2024, the audited financial statements of the County for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the County for such Fiscal Year to be replaced subsequently by audited financial statements to the County to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2024, the financial and statistical data as of a date not earlier than the end of such Fiscal Year for the type of information included under headings “THE COUNTY – Debt Information” and “– Tax Information” (including subheadings thereunder but excluding any information on overlapping or underlying units) in this Official Statement, to the extent such items are not included in the financial statements referred to in (a) above;

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2024 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) modification to the rights of the beneficial owners of the 2024 Bonds, if material;

(8) call of any of the 2024 Bonds, excluding any mandatory sinking fund prepayment, if material, and tender offers;

(9) defeasances of any of the 2024 Bonds;

(10) release, substitution or sale of any property securing repayment of the 2024 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect Owners of the 2024 Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties; and

(d) in a timely manner, notice of the failure of the County to provide required annual financial information described in (a) or (b) above on or before the date specified.

"*Financial obligation*" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of an obligation described in either clause (a) or (b) above. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as it may be amended from time to time ("Rule 15c2-12").

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

All documents provided to the MSRB as described above will be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The County may discharge its undertaking described above by providing such information in a manner the SEC subsequently authorized in lieu of the manner described above.

The First Amendment will also provide that the undertaking described above is enforceable by the Trustee or any beneficial owner of the 2024 Bonds including an action for specific performance, but the County's failure to comply with the undertaking will not constitute an Event of Default under the Indenture and will not result in acceleration of the payment of the 2024 Bonds. An action must be instituted, had and maintained in the manner provided in this paragraph for the benefit of all registered and beneficial owners of the 2024 Bonds.

Pursuant to the First Amendment, the County will reserve the right to modify from time to time the information to be provided or the format of the presentation of such information to the extent necessary or appropriate in the judgment of the County, provided that any such modification will be done in a manner consistent with Rule 15c2-12, and provided further that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the owners or beneficial owners of the 2024 Bonds, as determined either by nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2024 Bonds pursuant to the terms of the Indenture.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the 2024 Bonds.

The County entered into two financing agreements on March 28, 2022, each of which represented the incurrence of a financial obligation under Rule 15c2-12, but did not file material event notices within ten business days as required by Rule 15c2-12. The County uploaded both financing agreements on EMMA on June 7, 2022, and the County formally updated its written financial policies to contemplate required filings of material event notices related to the incurrence of financial obligations on September 6, 2022. There have been instances in the last five years in which the County's continuing disclosure filings on the EMMA system did not link to each appropriate CUSIP number. Otherwise, the County is not aware of any instances of its failure in the previous five years to comply in all material respects with its existing continuing disclosure undertakings pursuant to Rule 15c2-12.

THE LOCAL GOVERNMENT COMMISSION

The First Amendment will be considered for LGC approval on May 7, 2024. The LGC is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon the recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the LGC's Secretary, who heads the LGC's administrative staff.

A major function of the LGC is the approval, sale and delivery of substantially all North Carolina local government general obligation and revenue bonds and notes and the approval of contracts entered into under Section 160A-20 of the North Carolina General Statutes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the LGC furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

LEGAL MATTERS

Certain legal matters related to the authorization, execution, sale and delivery of the 2024 Bonds are subject to the approval of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, Bond Counsel. Certain legal matters will be passed upon for the County by Robert L. Outten, Esq., County Attorney, for the Corporation by Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, and for the Underwriters by Pope Flynn, LLC, Charlotte, North Carolina.

TAX TREATMENT

General

On the date of execution and delivery of the 2024 Bonds, Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina ("Bond Counsel"), will render an opinion that, under existing law, (1) assuming compliance by the County with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and (2) the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is exempt from State of North Carolina income taxation.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2024 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2024 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the County subsequent to the execution and delivery of the 2024 Bonds to maintain the excludability of the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the County as to certain facts material to the opinion and the requirements of the Code.

The County has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order that the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the County with such covenants, and Bond Counsel has not been retained to monitor compliance by the County with such covenants subsequent to the date of execution and delivery of the 2024 Bonds. Failure to comply with certain of such requirements may cause the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the 2024 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to the 2024 Bonds.

If the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the County to comply with any requirements described above, the County is not required to prepay the 2024 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2024 Bonds. Prospective purchasers and owners of the 2024 Bonds are advised that, if the Internal Revenue Service does audit the 2024 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the County as the taxpayer, and the owners of the 2024 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2024 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2024 Bonds should be aware that ownership of the 2024 Bonds and the accrual or receipt of portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2024 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2024 Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2024 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the 2024 Bonds or otherwise prevent the owners of the 2024 Bonds from realizing the full current benefit of the status of the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds.

Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel’s opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the County, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Premium

As indicated on the inside cover page, the 2024 Bonds are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the 2024 Bonds is sold and (b) the principal amount payable at maturity of the 2024 Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a 2024 Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such 2024 Bond is reduced from the owner's cost basis of such 2024 Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such 2024 Bond (whether upon its sale, redemption or payment at maturity). Owners of 2024 Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such 2024 Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a 2024 Bond.

LITIGATION

No litigation is now pending in any court seeking to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds or contesting the authority of proceedings for the authorization, execution or delivery of the 2024 Bonds or the validity thereof, or the creation, organization, corporate existence or powers of the Corporation or the County, or the title of any of the present officers thereof to their respective titles or the authority or proceedings for the execution and delivery of the Contract or the Indenture by the Corporation or the County.

RATINGS

Moody's Investors Service and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC have assigned ratings of "Aa2" and "AA," respectively, to the 2024 Bonds. The ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained from such rating agencies. Certain information and materials not included in this Official Statement were furnished to such rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2024 Bonds.

UNDERWRITING

The Underwriters have agreed under the terms of a Contract of Purchase to purchase all of the 2024 Bonds, if any of the 2024 Bonds are to be purchased. The 2024 Bonds will be purchased at a price equal to 100% of the principal amount thereof, plus original issue premium of $2,925,578.10, less an Underwriters' discount of $148,065.32. The Underwriters' obligation to purchase the 2024 Bonds is subject to certain terms and conditions set forth in such Contract of Purchase.

The Underwriters intend to offer the 2024 Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriters without any requirement of prior notice. The Underwriters have reserved the right to permit other securities dealers who are members of the Financial Industry Regulatory Authority to assist in selling the 2024 Bonds. The Underwriters may offer and sell the 2024 Bonds to certain dealers (including dealers depositing 2024 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside cover page of this Official Statement or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts or commissions that may be received by such dealers in connection with the sale of the 2024 Bonds will be deducted from the Underwriters' underwriting profits.

Piper Sandler & Co. has entered into a distribution agreement (the "Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.) for the retail distribution of certain securities offerings, including the 2024 Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase the 2024 Bonds from Piper

Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any 2024 Bonds that CS&Co. sells.

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of the PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association has other banking and financial relationships with the County. PNC Capital Markets LLC may offer to sell to its affiliate, PNC Investments, LLC (“PNCI”), securities in PNC Capital Markets LLC’s inventory for resale to PNCI's customers.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement, and its distribution and use by the Underwriters, has been duly authorized and approved by the Corporation and the County.

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APPENDIX A
FINANCIAL STATEMENTS OF
THE COUNTY OF DARE, NORTH CAROLINA

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Dare County, North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

Management's Discussion and Analysis

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

Financial Highlights

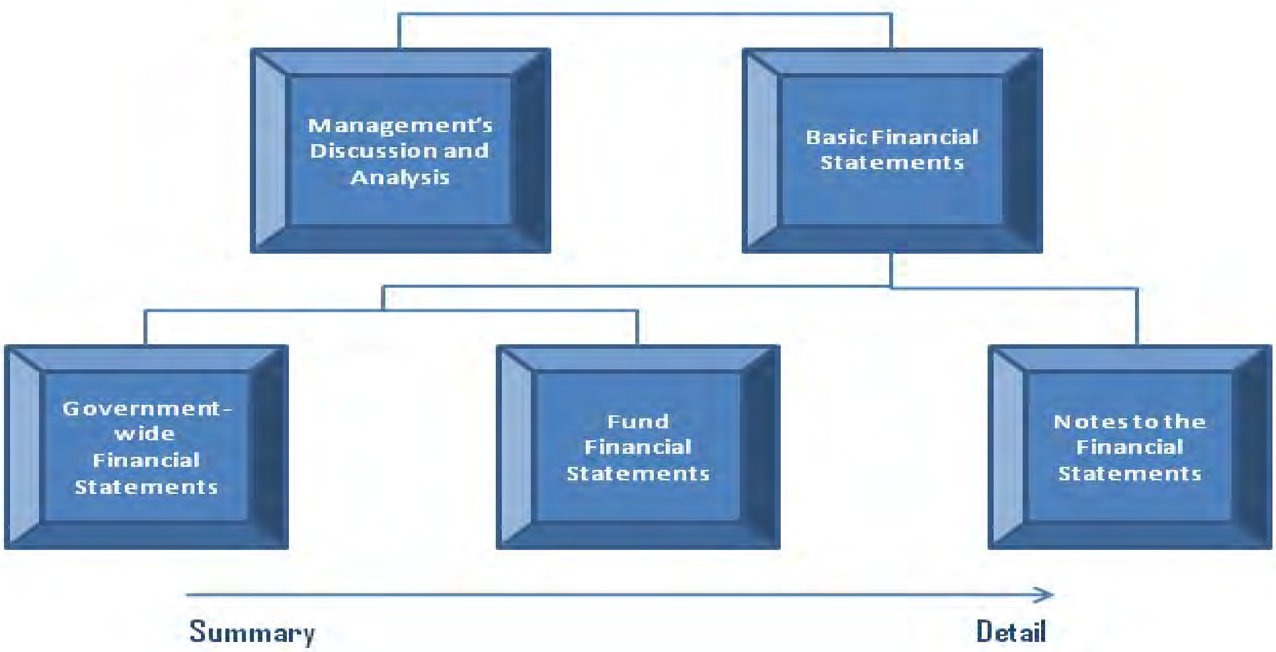
- The assets and deferred outflows of Dare County exceeded its liabilities and deferred inflows at the close of the fiscal year by $204,168,695 (*net position*).
- The County's total net position increased by $44,139,516, primarily due to positive revenue performance and significant decreases in retiree health and pensions liabilities.
- As of the close of the current fiscal year, Dare County's governmental funds reported combined ending fund balances of $225,046,537, an increase of $32,900,692 from the prior year. The increase resulted from:
    - A consolidated General Fund increase of $13,435,597 from revenue performance and favorable expenditures performance;
    - An increase of $9,771,757 in the Capital Projects Fund from a bond issuance; and
    - A planned increase of $8,231,561 in the Beach Nourishment Fund.
- After restrictions, commitments and assignments, approximately 18.5 percent of the total fund balances, or $41,784,615, is available for spending at the government's discretion (*unassigned fund balance*) and $47,906,264 is available for beach nourishment.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was $41,784,615 or 33.89 percent of unconsolidated General Fund revenues for the current fiscal year, exceeding the County's policy of a minimum of 21 percent.
    - Unassigned fund balance plus fund balance restricted for stabilization by State statute (available fund balance) is $59,649,204 or 48.38 percent of unconsolidated General Fund revenues for the current fiscal year.
- Dare County's total debt increased by $5,952,262 (par value) (4.20 percent) during the fiscal year. Principal payments for the fiscal year were $35,186,666. New debt issuances consisted of limited obligation bonds for Emergency Medical Services facilities of $37,050,000, and vehicle and equipment installment financings of $4,088,928.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Dare County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Required Components of Annual Financial Report

Figure 1



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Dare County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the County's financial condition.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Dare County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portions of their costs through user fees and charges *(business-type activities)*. The governmental activities of Dare County include education, public safety, human services, environmental protection, general government, economic and physical development, and culture and recreation. The business-type activities of the County include the production and sale of treated water.

The government-wide financial statements include not only Dare County itself (known as the *primary government*), but also eleven legally separate entities for which the County is financially accountable. Financial information for seven of these *component units* is reported separately from the information presented for the primary government itself (the Dare County Airport Authority, the Dare County Alcoholic Beverage Control Board, the Dare County Tourism Board, the Rodanthe-Waves-Salvo Community Center District, the Wanchese Community Center District, the Stumpy Point Community Center District, and the Hatteras Village Community Center District) (pages 45-46 of the report). The Other Post-Employment Benefits Trust Fund and the Law Enforcement Officers Special Separation Allowance Trust Fund, although legally separate, functions as integral parts of the County primary government. Two component units do not issue financial statements and do not appear in the combined financial statements.

The government-wide financial statements can be found on pages 30-31 of the report.

Fund Financial Statements

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. Dare County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements. All of the funds of Dare County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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 the 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Dare County maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Beach Nourishment Fund, the Housing Fund, and the Capital Projects Fund, which are considered major funds. The legally separately budgeted Capital Investment Fund, Disaster Recovery Fund, the Law Enforcement Officers' Special Separation Allowance Activity Fund, the Home Health and Hospice Fund, the Storm Water Fund, and the Community Development Housing Fund are consolidated into the General Fund. Data from the other thirteen governmental funds combine into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Dare County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. The basic governmental fund financial statements can be found on pages 32-38 of this report.

Proprietary Funds – Dare County maintain two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its water production and distribution operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Dare County uses internal services funds to account for its insurance activities and for its fleet maintenance operations. Because both of these services predominately benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operation, which is considered to be a major fund of the County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 39-42 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Dare County maintains two different types of fiduciary funds: two pension (and other employee benefit) trust funds and seven custodial funds.

The basic fiduciary fund financial statements can be found on pages 43-44 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-108 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Dare County's progress in funding its obligation to provide pensions and OPEB to its employees. Required supplementary information can be found on pages 110-119 of this report.

Net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $204,168,695 as of June 30, 2023. The County's net position increased by $44,139,516 for the fiscal year ended June 30, 2023.

The largest portion of net position reflects the County's net investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding issued to acquire or construct those items, was $176,078,229. Dare County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Dare County's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The County has recorded $19,013,572 of school related debt, which decreases net position, but does not record the related asset, although the County holds title to the school assets financed, the assets are leased to the school system until the termination of the debt upon which time title reverts to the school system.

An additional portion of Dare County's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of ($75,769,095) is negative due to the school debt previously discussed, due to the amount restricted for stabilization by State statute of $50,582,260, due to the amount restricted by revenue bond covenants of $19,105,323, due to the amount restricted for beach nourishment of $31,955,485, and due to liabilities recorded on a full accrual and actuarial basis for pensions and OPEB.

Dare County's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	Total
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 279,215,730	$ 219,892,516	$ 33,038,521	$ 33,595,875	$ 312,254,251	$ 253,488,391
Capital assets	202,862,471	179,782,007	68,276,247	67,043,993	271,138,718	246,826,000
Total assets	482,078,201	399,674,523	101,314,768	100,639,868	583,392,969	500,314,391
Deferred outflows of resources	27,483,168	33,572,182	3,418,284	4,013,758	30,901,452	37,585,940
Long-term liabilities outstanding	268,741,463	222,803,558	33,524,224	33,154,829	302,265,687	255,958,387
Other liabilities	66,502,727	49,722,410	4,866,104	4,845,754	71,368,831	54,568,164
Total liabilities	335,244,190	272,525,968	38,390,328	38,000,583	373,634,518	310,526,551
Deferred inflows of resources	30,171,393	58,281,917	6,319,815	9,061,614	36,491,208	67,343,531
Net position:						
Net investment in capital assets	127,856,322	109,016,078	48,221,907	45,546,607	176,078,229	154,562,685
Restricted	84,754,238	78,457,012	19,105,323	17,434,060	103,859,561	95,891,072
Unrestricted	(68,464,774)	(85,034,270)	(7,304,321)	(5,389,238)	(75,769,095)	(90,423,508)
Total net position	$ 144,145,786	$ 102,438,820	$ 60,022,909	$ 57,591,429	$ 204,168,695	$ 160,030,249

Several aspects of the County's financial operations influenced the total unrestricted governmental net position:

- Positive revenue performance - see the following section, Financial Analysis of the County's Funds;
- Continued diligence in the collection of property taxes by maintaining a high current year collection percentage of 99.68 percent, well above the statewide average for like-sized counties of 97.81 percent (2021);

- Continued low cost of debt due to maintenance of the County's debt ratings, debt principal retirement levels from aggressive principal amortizations, and monitoring and capturing debt refunding opportunities;
- Continuing accumulation of funds for beach nourishment projects of $47,906,264;
- An 199 percent increase in the County share of the net pension liability ($15,533,554) of the State-wide local government employees retirement system from very conservative calculation assumptions and low interest rates as of the measurement date;
- A net increase in outstanding debt of $5,952,262; and
- Expenditure savings from budget (11.99 percent in the General Fund) from proactive monitoring of expenditures and from vacancies and turnover.

Aspects of the County's financial operations that negatively influenced the total unrestricted governmental net position were borrowing for schools, with total outstanding school debt as of June 30, 2023 of $19,013,572.

Dare County Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	Total
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 13,990,076	$ 17,320,475	$ 15,931,444	$ 15,504,506	$ 29,921,520	$ 32,824,981
Operating grants and contributions	16,204,865	14,514,318	497,500	-	16,702,365	14,514,318
Capital grants and contributions	33,733,098	7,636,047	1,079,845	-	34,812,943	7,636,047
General revenues:						
Property taxes	75,378,763	74,000,282	-	-	75,378,763	74,000,282
Other taxes	62,770,813	65,329,636	-	-	62,770,813	65,329,636
Investment earnings (loss)	4,672,428	(1,865,050)	772,023	(436,403)	5,444,451	(2,301,453)
Other	3,147,942	6,165,469	13,281	105,457	3,161,223	6,270,926
Total revenues	209,897,985	183,101,177	18,294,093	15,173,560	228,192,078	198,274,737
Expenses:						
General government	15,413,224	14,313,696	-	-	15,413,224	14,313,696
Public safety	41,313,555	31,739,905	-	-	41,313,555	31,739,905
Transportation	902,417	820,333	-	-	902,417	820,333
Economic and physical development	44,643,693	20,108,017	-	-	44,643,693	20,108,017
Human services	17,259,112	13,631,323	-	-	17,259,112	13,631,323
Cultural and recreation	6,427,394	5,357,719	-	-	6,427,394	5,357,719
Education	27,118,993	26,805,735	-	-	27,118,993	26,805,735
Interest on long-term debt	2,940,312	2,654,743	-	-	2,940,312	2,654,743
Environmental protection	12,171,249	6,948,463	-	-	12,171,249	6,948,463
Water	-	-	15,862,613	14,035,876	15,862,613	14,035,876
Total expenses	168,189,949	122,379,934	15,862,613	14,035,876	184,052,562	136,415,810
Increase (decrease) in net position	41,708,036	60,718,243	2,431,480	1,137,684	44,139,516	61,858,927
Net positon, July 1, restated	102,437,750	41,720,577	57,591,429	56,453,745	160,029,179	73,678,247
Net position, June 30	$ 144,145,786	$ 102,438,820	$ 60,022,909	$ 57,591,429	$ 204,168,695	$ 135,537,174

Governmental activities. Governmental activities increased the County's net position by $41,708,036. Key elements of this change were:

- Net Position:
  - An increase from the activities of the General Fund of $13,435,597 (modified accrual basis);
  - An increase from the activities of Beach Nourishment Fund of $8,231,561 from FEMA grant reimbursements;
  - An increase from the activities of the Capital Projects Fund of $9,771,757 from a bond issuance;
- Revenues:
  - Continued strong revenue collections since the COVID-19 pandemic;
  - Decreased but continued strong revenue performance related to real estate;
- Expenses:
  - Extended delivery times for goods, equipment, and vehicles resulting in expenditure savings and $4.8 million of outstanding purchase orders at year-end;
  - Management's proactive stance and emphasis on monitoring spending across departments to ensure budget compliance and promote savings from budget;
  - Budget savings from vacancies and turnover; and
  - Decreased interest on long-term debt from debt levels reductions.

Business-type activities: Business-type activities increased Dare County's net position by $2,431,480. Key elements of this increase were:

- Growth in the existing customer base of 1.3 percent, now at 21,617, and 5.2 percent over the last three years;
- Demand from increased tourism levels (see immediately below);
- Continued reductions in per account and per capita water consumption; and
- Prudent management of expenses in successful efforts to limit the growth of operating expenses.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The local economy rebounded quickly from the effects of Covid-19, with results exceeding those of 2019 from June 2020 through 2023, likely due to the county's suitability to social distancing and the rental home inventory available for teleworking and remote schooling, as shown in the following table.

Percentage Change from the Same Period of the Prior Year (before distributions to other entities):

Revenue Source	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual
Article 39 Sales Tax	<0.17%>	+30.39%	+10.81%	+3.66%
Article 40 Sales Tax	+3.92%	+16.32%	+13.24%	+8.38%
Article 42 Sales Tax	<0.68%>	+31.55%	+11.07%	+3.38%
Occupancy Tax	<4.82%>	+50.27%	+7.53%	+2.38%
Land Transfer Tax	+0.41%	+126.43%	+4.75%	<36.47%>
Register of Deeds	+4.81%	+111.37%	<0.46%>	<36.46%>

Governmental Funds. The focus of Dare County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Dare County's financing requirements.

Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Dare County. At the end of the current fiscal year, fund balance unassigned in the General Fund was $41,784,615 (an increase of $697,214), while total fund balance increased by $13,435,597 to $112,508,253. If fund balance required to be shown as restricted by State statute for stabilization is included with unassigned fund balance, the amount is $59,649,204 (available fund balance), a decrease of $1,287,926, or 48.38 percent of current year unconsolidated revenues. The County's percentage of unassigned fund balance was 33.89 percent at fiscal year-end, exceeding the County's policy 21 percent of current year unconsolidated General Fund revenues by $15,895,254.

At June 30, 2023, the governmental funds of Dare County reported a combined fund balance of $225,046,537, a $32,900,692 or 17 percent increase from last year. The primary reasons are:

- An increase in the General Fund of $13,435,597 from revenue performance (per above) from sales taxes, occupancy tax, ABC Board profits, and from expenditures savings; from extended delivery times and turnover and vacancies;
- An increase of $9,771,757 in the Capital Projects Fund from debt proceeds of the Series 2023A Limited Obligation Bonds; and
- A planned increase of $8,231,561 in the Beach Nourishment Fund.

After restrictions, commitments and assignments, approximately 18.5 percent of the total fund balances, or $41,784,615, is available for spending at the government's discretion (*unassigned fund balance*).

General Fund (Unconsolidated) Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) to adjust the estimates that are used to prepare the original budget ordinance; 2) to recognize new funding from external sources, such as grants; 3) for increases in appropriations that become necessary to maintain services; and 4) the re-appropriation of amounts as a result of carryover purchase orders, unfulfilled from the prior year. Total amendments to the General Fund increased revenues and other financing sources by $4,635,770 with $500,000 of that amount to use a portion of prior year unassigned fund balance greater than the County's target. During the year the budget was amended to reflect $3,144,262 of carryover items (undelivered and unfulfilled) from the prior year, $199,775 for additional local current expense funding for Dare County Schools with the adoption of the State budget subsequent to the start of the fiscal year, $791,733 for salary study implementation costs greater than planned, and $500,000 for pickelball courts.

Revenues were $2,763,404 over budget. Without budgetary offsets (see Sales and services below), revenues were $4,083,230 over budget.

Ad valorem taxes were $226,070 over budget due to a small increase in the current year collection rate.

Other taxes were $480,533 over budget due to sales and occupancy tax growth rates exceeding conservative budgetary increases.

Unrestricted intergovernmental revenues were $757,248 over budget due to ABC profits being over budget by $314,469 from the same factors driving sales tax growth, and due to an unexpected State Medicaid hold harmless receipt $341,752 greater than budget (amount determined by sales tax growth versus State Medicaid expense growth),

Restricted intergovernmental revenues were $970,954 over budget. $713,618 of revenue was recognized from grants awarded and budgeted late in the prior fiscal year. Social services administrative grant reimbursements were $455,676 over budget due to salary and fringe increases from salary study implementation not incorporated into the revenue budget.

Permits and fees were $532,809 over budget with Register of Deeds revenue stamps $374,829 over a conservative budget (the actual decreased by 36.92%). Building permits were $230,646 over budget due to a budget that assumed a return to historical levels.

Sales and services revenues were $1,551,736 under budget. Without $1,319,826 of budgetary offsets used to show the cost of school nurses and school resources officers in the budget (with no actual revenue), sales and services were

$231,910 under budget. EMS fees were $214,044 over budget from increased activity. Dental services fees were $175,000 under budget from an inability to hire a dentist for program implementation, and inmate boarding fees were $159,694 under budget from an unanticipated decrease in demand for housing from other counties.

Investment income was $1,598,136 over budget after significant interest rate increases along with a conservative budget.

Expenditures were $12,746,861 under budget (9.86 percent). Without the budgetary offsets mentioned above under Sales and Services of $1,319,826; without other budgetary offsets of $82,388; and without outstanding purchase orders at year-end of $3,569,561; expenditures were $7,775,086 under budget (6.02 percent) as follows. Salaries and fringes were under budget due to levels of turnover and vacancies across most departments.

- Health Department (Human Services) expenditures were $1,933,285 (18.7 percent) under budget. Salaries and fringes were $1,333,475 under budget due to a budgeted dental program with no activity ($412,681), and a turnover rate of 16 percent. Operating costs were $256,322 under budget from unspent Covid grants and $67,463 from open purchase orders at year-end.
- Emergency Medical Services (Public Safety) expenditures were $1,631,452 (9.22 percent) under budget. $1,546,150 of that amount related to salaries and fringes due to a turnover rate of 13 percent and $96,609 from open purchase orders.
- Social Services (Human Services) expenditures were $1,475,124 (13.38 percent) under budget from salaries and fringes ($983,037), from a turnover rate of 11 percent, and from vacancies in the In-home Service program. Program expenditures were under budget in low-income assistance ($136,247), adult assistance ($104,776), and child welfare ($139,727) from positive economic conditions.
- Detention Center (Public Safety) expenditures were $865,249 (16.2 percent) under budget turnover and vacancy rates (19 percent and $692,583), favorable inmate medical costs ($43,970), and reduced commissary costs from housing fewer inmates from other counties ($46,644).
- Sheriff Department (Public Safety) expenditures were under budget by $752,697 (8.4 percent) due to a turnover rate of 10 percent ($476,165), and budgeted unspent grant funds ($186,314).
- Facilities Maintenance (General Government) expenditures were under budget by $606,324 (31.9 percent) due to open purchase orders for building maintenance projects ($572,411). Open purchase orders were enabled by budget amendments using salaries and fringes under budget from a vacancy rate of 42 percent.
- Tax Assessment (General Government) expenditures were $333,854 (17.6 percent) under budget from an in completed photography project; and
- Non-departmental (General Government) expenditures were under budget by $332,262 (12.0 percent) due to an not yet spent grant match for broadband ($100,000), unused contingency appropriation ($81,420), and unused salary adjustments ($53,345).

Other Legally Budgeted General Funds. The County maintains six legally budgeted separate funds which are consolidated into the General Fund for financial reporting purposes.

Capital Investment Fund. The fund accounts for debt issuances for refundings, debt service, financed capital outlays, pay-as-you-go capital outlays, and funding for the capital improvements plan. The fund uses revenue sources restricted for capital or debt service for capital – the land transfer tax, restricted sales taxes, restricted lottery proceeds, as well as an annual transfer from the General Fund. Fund balance increased for fiscal year 2023 by $3,378,316 from a planned increase. Expenditures were $2,497,322 under budget, mainly from unfilled and outstanding purchase orders at year-end of $1,634,100 as deliveries of vehicles and equipment did not occur prior to year-end.

Disaster Recovery Fund. The fund accounts for all activities related to natural or other disasters and ongoing recovery and protection costs. Fund balance was maintained at the policy level.

Law Enforcement Officers' Special Separation Allowance Fund. The fund accounts for all payments related to the State mandated pension plan (Note 7.C). Fund balance decreased by $95,808 from the payment of benefits.

Home Health and Hospice Fund. The fund accounts for the proceeds from the sale of the County's certificate of need of $2,881,780. $290,000 of the sale amount must remain restricted per the sale contract with balance unassigned.

Community Development Housing Fund. The fund accounts for $10,500,000 from a one-time transfer from the General Fund which is expected to be used as a match to a low-income housing tax credit project.

Storm Water Fund. The fund accounts for an initial funding of $2,000,000 for use as matching funds for grant funded projects. Expenditures were $451,880 with outstanding purchase orders of $188,750.

Other Major Governmental Funds. There are three other major governmental funds, the Beach Nourishment Fund, the Housing Fund, and the Capital Projects Fund.

Beach Nourishment Fund. The fund accounts for all activities related to the County's beach nourishment program and is mainly funded by two cents of the County's occupancy tax, the two cents being restricted by State law for shoreline protection and mitigation. The fund accounts for debt service support to municipalities, County debt service, and operating costs such as sand fencing, easements, and feasibility and other studies.

Housing Fund. The fund accounts for an affordable housing project within the County funded by the State in the State's fiscal year 2023 budget.

Capital Projects Fund. The fund accounts for all capital projects except those for the Dare County Schools and the County Water System. During fiscal year 2023, projects were completion of the County campus of the College of the Albemarle, beach nourishment projects in Buxton, Avon, Kill Devil Hills, Kitty Hawk, Southern Shores, and Duck. Projects started were an Emergency Medical Services (EMS) station in Southern Shores, a joint project with Kill Devil Hills for a combined County EMS station and a town fire station, and a hangar, office space and living quarters for Dare Medflight.

Internal Service Funds. The County's internal service funds provide services for all insurance and risk management operations and for vehicle and equipment parts and maintenance. The funds ended the year with a net position of $6,451,151, an improvement of $165,206, which was affected by an increase in pension liability of $472,235.

The Insurance Fund, primarily supported by the General Fund and the Water Fund (proprietary), ended the fiscal year with a net position of $5,882,920, an improvement of $217,025 from the prior year.

Proprietary Funds. Dare County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Total net position was $59,531,553 with an increase in net position of $2,408,856, positively affected by the recognition of developer donated water assets. Water sales increased by 2.33 percent, and from 274 new connections, resulting in a 5.2 percent increase over the last three years. Revenue bond debt service coverage remained high and stable at 5.61 times and at 2.66 times without an allowed addback of 20 percent of surplus balance. The revenue bond rating from Standard and Poor's was maintained at AA after being affirmed in June 2017. Other factors concerning the finances of these funds have been addressed in the discussion of Dare County's business-type activities.

Capital Assets and Debt Administration

Capital assets. Dare County's capital assets for its governmental and business – type activities as of June 30, 2023, total $271,138,718 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, vehicles, and right to use assets. The County also has recorded $192,066 of right to use assets, net of amortization.

Major capital asset transactions during the year include:

- Purchased replacement equipment and vehicles for the Public Works, Sheriff, Emergency Medical Services and other departments;
- $17,340,402 of construction in progress expenditures for beach nourishment and EMS projects; and
- The continuation of an automated meter reading and automated meter interface system for the Water department.

Additional information on the County's capital assets is found in note 5 of the Basic Financial Statements.

Dare County's Net Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	$ 28,342,606	$ 28,342,606	$ 4,573,941	$ 4,573,941	$ 32,916,547	$ 32,916,547
Buildings	94,420,104	97,087,869	28,137,745	25,170,140	122,557,849	122,258,009
Improvements	52,218,579	26,527,274	26,976,695	24,424,049	79,195,274	50,951,323
Equipment	4,650,121	2,280,550	1,398,094	748,149	6,048,215	3,028,699
Machinery	12,536,494	12,171,429	543,937	371,552	13,080,431	12,542,981
Right to use	192,066	-	-	-	192,066	-
Construction in progress	10,694,567	13,372,278	6,645,835	11,756,162	17,340,402	25,128,440
Total	$ 203,054,537	$ 179,782,006	$ 68,276,247	$ 67,043,993	$ 271,330,784	$ 246,825,999

Long-term Debt. As of June 30, 2023, Dare County had no bonded debt outstanding backed by the full faith and credit of the County (general obligation).

Dare County's total debt increased by $5,952,262 (par value) or 4.20 percent during the past fiscal year, from principal payments of $35,186,666 (par value) and new debt consisting of limited obligation bonds for EMS projects of $37,050,000, and vehicle and equipment installment financings of $4,088,928. Total debt stood at $147,828,095 (par value) at June 30, 2023.

Dare County's issuer rating was upgraded to Aa1 by Moody's Investors Service in January 2021 and affirmed in April 2023. Dare County maintained its issuer ratings of AA+ from Standard and Poor's Global Ratings (affirmed April 2023), and AA from Fitch Ratings (affirmed November 2022).

State law limits the amount of general obligation, installment purchase (certificates of participation and limited obligation bonds) and capitalized lease debt that a unit may have outstanding to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Dare County is $1,250,710,105 as of June 30, 2023. The County had $130,113,095 of outstanding debt subject to the limitation. Additional information regarding Dare County's long-term debt can be found in note 14 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Traditional economic factors are not necessarily applicable to Dare County due to a tourism based economy, seasonality of both activity and population that accompanies tourism, with little manufacturing activities. After experiencing flat or small decreases in revenues for fiscal year 2020, the County experienced significant revenue increases beginning in June of 2020, continuing throughout all of fiscal year 2021 and through the date of this report. For the COVID-19 pandemic, the County proved to be well suited for social distancing and remote and teleworking needs and increases in visitation in all months.

- The county had an annual average unemployment rate of 4.37 percent, the lowest of the last ten years. The County experiences seasonality in monthly rates, normally with a high in January (7.3 percent in January 2023) and a low in August (3.3 percent in August 2022).
- The county's per capita income was $68,887 or 123 percent of that of the State for calendar year 2022.
- Taxable retail sales for fiscal year 2023 totaled $2.393 billion and total sales tax collections (State and local) were $113,722,770.
- Locally collected sales taxes increased 3.66 percent while those collected statewide increased 8.38 percent.
- The local one percent realty transfer tax for fiscal year 2023 decreased by 36.47 percent, less of a decrease than budgeted.
- Occupancy tax collections increased by 2.38 percent after a 2022 increase of 7.53 percent and a 2021 increase of 50.27 percent.
- For calendar year 2022, the number of building permits increased 0.02 percent while the dollar value of the building permits increased 45.84 percent.
- The sales to assessment ratio as measured by the NC Department of Revenue, decreased to 79.11 percent as of July 2022 (sampled assessed tax values averaged 79.11 percent of sampled actual sales values). A county-wide property revaluation occurred for values as of January 1, 2020 with an 18.64 percent increase.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: The County maintained programs currently in place. The General Fund budget increased by $6,118,857 or 4.94 percent.

The property tax rate was unchanged at 40.05 cents, the seventh lowest rate in the State. Major revenues were budgeted as follows:

- Local sales taxes – an annual growth rate of 3.25 percent;
- Statewide sales tax – an annual growth rate of 6.00 percent;
- Occupancy tax – 3.0 percent annual growth rate; and
- Land transfer tax – 4.2 percent less than the 2023 estimated actual.

Appropriated fund balance was budgeted at $3,125,000, 2.40 percent of the total budget. Unassigned fund balance at the end of the fiscal year was projected to be greater than the policy target percentage.

The expenditure budget was adopted with the following additions and increases:

- $1,867,322 for salary study implementation;
- $1,538,012 for a 3% cost of living pay adjustment;
- $1,551,762 to increase Dare County Schools local current expense funding; and
- $667,181 for Emergency Medical Services.

The capital improvements plan was adopted in August 2023 at normal levels with major planned projects as listed in the Debt Outlook section below.

Business – type Activities: Items included in the budget were maintenance of the level of capital outlays and increases in operating and maintenance costs with a 2.0 percent rate increase..

Debt Outlook

The County adopts separate capital improvement plans (CIP) for governmental and business-type activities. The current adopted governmental CIP plans debt issuances for:

- $22,485,000 of debt over a twenty-year term for Phase Two of renovations to and new construction of EMS facilities and a Manteo Youth Center in early calendar year 2024; and
- $50,255,000 of debt over a twenty-year term for replacement of County Public Works facilities and an EMS station in Nags Head in early calendar year 2025.

The adopted business-type (Water System) CIP for 2024 through 2029 does not include any debt issuances.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. This report as well as annual budgets and capital improvement plans are available at http://www.darenc.gov/Departments/Finance . Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Dare County, PO Box 1000, Manteo, NC 27954.

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Basic Financial Statements

DARE COUNTY, NORTH CAROLINA
Statement of Net Position
June 30, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 183,400,484	$ 2,676,172	$ 186,076,656	$ 31,909,644
Receivables (net of allowance for uncollectibles)	38,996,991	7,992,917	46,989,908	2,494,666
Due from component unit	1,129,219	-	1,129,219	-
Internal balances	(491,356)	491,356	-	-
Inventories	625,463	626,516	1,251,979	1,654,741
Prepaids	1,780,577	-	1,780,577	91,357
Restricted assets:				
Cash and cash equivalents	1,016,809	21,251,560	22,268,369	8,988,265
Cash with fiscal agent	52,451,359	-	52,451,359	-
Net pension asset	114,118	-	114,118	-
Right to use leased assets, net of amortization	192,066	-	192,066	448,864
Capital assets:				
Land and construction in progress	39,037,173	11,219,776	50,256,949	23,996,707
Other capital assets, net of depreciation	163,825,298	57,056,471	220,881,769	15,861,330
Total assets	482,078,201	101,314,768	583,392,969	85,445,574
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	20,209,438	1,710,016	21,919,454	1,196,540
OPEB related	4,693,164	453,696	5,146,860	672,137
Deferred charge on refunding	2,580,566	1,254,572	3,835,138	-
Total deferred outflows of resources	27,483,168	3,418,284	30,901,452	1,868,677
LIABILITIES				
Accounts payable and current liabilities	10,000,560	396,733	10,397,293	2,370,616
Accrued liabilities	1,043,026	87,411	1,130,437	30,364
Accrued interest payable	481,696	334,182	815,878	-
Due to primary government	-	-	-	1,129,219
Unearned revenues	35,260,642	258,231	35,518,873	5,550
Customer deposits	-	2,146,237	2,146,237	13,982
Noncurrent liabilities:				
Due within one year	19,716,803	1,643,310	21,360,113	40,968
Due in more than one year	268,741,463	33,524,224	302,265,687	7,196,529
Total liabilities	335,244,190	38,390,328	373,634,518	10,787,228
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	785,917	-	785,917	-
Leases	78,217	3,550,672	3,628,889	364,385
Pension related	962,985	29,057	992,042	59,650
OPEB related	28,344,274	2,740,086	31,084,360	1,225,221
Total deferred inflows of resources	30,171,393	6,319,815	36,491,208	1,649,256
NET POSITION				
Net investment in capital assets	127,856,322	48,221,907	176,078,229	39,858,037
Restricted for:				
Stabilization by State statute	50,582,260	-	50,582,260	13,113,859
Bond covenants	-	19,105,323	19,105,323	-
Economic and physical development	31,955,485	-	31,955,485	-
Public safety	616,001	-	616,001	1,289,715
Human services	1,600,492	-	1,600,492	-
Unrestricted	(68,464,774)	(7,304,321)	(75,769,095)	20,616,156
Total net position	$ 144,145,786	$ 60,022,909	$ 204,168,695	$ 74,877,767

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Total Component Units**
Primary government:								
Governmental activities:								
General government	$ 15,413,224	$ 3,320,105	$ 5,000	$ -	$ (12,088,119)	$ -	$ (12,088,119)	$ -
Public safety	41,313,555	5,760,345	276,268	425,000	(34,851,942)	-	(34,851,942)	-
Economic and physical development	44,643,693	722,352	8,680,698	32,773,248	(2,467,395)	-	(2,467,395)	-
Human services	17,259,112	1,388,172	6,267,478	-	(9,603,462)	-	(9,603,462)	-
Cultural and recreational	6,427,394	342,006	408,835	176,850	(5,499,703)	-	(5,499,703)	-
Environmental protection	12,171,249	2,457,096	92,275	-	(9,621,878)	-	(9,621,878)	-
Education	27,118,993	-	474,311	358,000	(26,286,682)	-	(26,286,682)	-
Transportation	902,417	-	-	-	(902,417)	-	(902,417)	-
Interest on long-term debt	2,940,312	-	-	-	(2,940,312)	-	(2,940,312)	-
Total governmental activities	168,189,949	13,990,076	16,204,865	33,733,098	(104,261,910)	-	(104,261,910)	-
Business-type Activities:								
Water	15,862,613	15,931,444	497,500	1,079,845	-	1,646,176	1,646,176	-
Total business-type activities	15,862,613	15,931,444	497,500	1,079,845	-	1,646,176	1,646,176	-
Total primary government	$ 184,052,562	$ 29,921,520	$ 16,702,365	$ 34,812,943	(104,261,910)	1,646,176	(102,615,734)	-
Total component units	$ 34,786,078	$ 1,244,167	$ 917,509	$ 1,490,943				(31,133,459)

	Governmental Activities	Business-type Activities	Total	Total Component Units
General revenues:				
Property taxes	75,378,763	-	75,378,763	591,017
Sales taxes	30,461,019	-	30,461,019	-
Occupancy taxes	23,799,509	-	23,799,509	8,041,417
Alcoholic beverage taxes	304,342	-	304,342	-
Local realty transfer taxes	7,301,531	-	7,301,531	-
Other taxes	904,412	-	904,412	3,678,779
Alcoholic beverage sales	-	-	-	25,097,576
Alcoholic beverage profit distribution from component unit	2,316,755	-	2,316,755	-
Other revenues	831,187	13,281	844,468	27,490
Unrestricted investment earnings	4,672,428	772,023	5,444,451	864,486
Total general revenues	145,969,946	785,304	146,755,250	38,300,765
Change in net postion	41,708,036	2,431,480	44,139,516	7,167,306
Net position-beginning	102,438,820	57,591,429	160,030,249	67,710,461
Restatement	(1,070)	-	(1,070)	-
Net position-beginning, restated	102,437,750	57,591,429	160,029,179	67,710,461
Net position-ending	$ 144,145,786	$ 60,022,909	$ 204,168,695	$ 74,877,767

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds				Total	Total
	General	Beach Nourishment	Housing	Capital Projects	Nonmajor Funds	Governmental Funds
ASSETS						
Cash and cash equivalents	$ 99,894,663	$ 33,370,571	$ 34,088,470	$ -	$ 10,880,327	$ 178,234,031
Cash and cash equivalents - restricted	-	-	-	-	1,016,809	1,016,809
Cash with fiscal agent - restricted	1,844,056	13,216	-	49,906,804	687,283	52,451,359
Receivables (net of allowance for uncollectibles)	14,277,584	6,019,215	-	2,458,091	14,680,858	37,435,748
Due from other funds	-	9,433,750	-	-	10,390	9,444,140
Due from other governments	223,321	1,071	-	-	22,101	246,493
Due from component unit - ABC	570,503	-	-	-	558,716	1,129,219
Inventories	13,382	-	-	-	-	13,382
Total assets	$ 116,823,509	$ 48,837,823	$ 34,088,470	$ 52,364,895	$ 27,856,484	$ 279,971,181
LIABILITIES						
Accounts payable	$ 2,025,309	$ 412,375	$ -	$ 4,126,668	$ 1,250,368	$ 7,814,720
Accrued liabilities	991,140	-	-	-	27,063	1,018,203
Due to other funds	-	-	-	9,433,750	10,390	9,444,140
Unearned revenues	220,009	515,772	34,009,080	-	515,781	35,260,642
Total liabilities	3,236,458	928,147	34,009,080	13,560,418	1,803,602	53,537,705
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	601,526	-	-	-	184,391	785,917
Leases	78,217	-	-	-	-	78,217
Taxes receivable	399,055	3,412	-	-	120,338	522,805
Total deferred inflows of resources	1,078,798	3,412	-	-	304,729	1,386,939
FUND BALANCES						
Nonspendable:						
Inventories	13,382	-	-	-	-	13,382
Restricted for:						
Stabilization by State statute	17,864,589	16,030,169	-	-	16,687,502	50,582,260
Beach nourishment	-	31,876,095	-	-	-	31,876,095
Social services	-	-	-	-	1,236,323	1,236,323
Coronavirus relief	-	-	-	-	538,676	538,676
Capital	-	-	-	38,804,477	687,283	39,491,760
Sheriff	77,325	-	-	-	-	77,325
Health department	364,169	-	-	-	-	364,169
Housing	-	-	79,390	-	-	79,390
Committed for:						
Capital or debt service	26,078,520	-	-	-	-	26,078,520
Disaster recovery	1,412,997	-	-	-	-	1,412,997
Housing	10,500,000	-	-	-	-	10,500,000
LEO special separation allowance	113,804	-	-	-	-	113,804
Storm water	1,559,370	-	-	-	-	1,559,370
C & D landfill	-	-	-	-	2,460,611	2,460,611
Sanitation	-	-	-	-	679,331	679,331
Inlet maintenance	-	-	-	-	111,493	111,493
School capital projects	-	-	-	-	3,346,934	3,346,934
Assigned for:						
Subsequent year's exenditures	12,739,482	-	-	-	-	12,739,482
Unassigned:	41,784,615	-	-	-	-	41,784,615
Total fund balances	112,508,253	47,906,264	79,390	38,804,477	25,748,153	225,046,537
Total liabilities, deferred inflows of resources, and fund balances	$ 116,823,509	$ 48,837,823	$ 34,088,470	$ 52,364,895	$ 27,856,484	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	202,629,657
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	192,066
Net pension asset	114,118
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	4,861,175
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	96,320
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	653,421
Internal service funds are used by management to charge the costs of insurance and fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	5,959,795
Pension related deferrals - LGERS and RODSPF	13,433,409
Pension related deferrals - LEOSSA	444,557
OPEB related deferrals	(23,651,110)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(285,634,159)
Net position of governmental activities	$ 144,145,786

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds				Total	Total
	General	Beach Nourishment	Housing	Capital Projects	Nonmajor Funds	Governmental Funds
REVENUES						
Ad valorem taxes	$ 69,213,784	$ 918,996	$ -	$ -	$ 5,293,741	$ 75,426,521
Other taxes	45,576,261	16,083,319	-	-	278,999	61,938,579
Unrestricted intergovernmental	2,273,248	-	-	-	-	2,273,248
Restricted intergovernmental	7,521,911	13,152,221	990,920	-	7,482,435	29,147,487
Permits and fees	3,449,008	-	-	-	1,965,628	5,414,636
Sales and services	6,584,236	-	-	-	1,982,678	8,566,914
Investment income (loss)	2,478,551	1,216,658	79,390	499,337	398,492	4,672,428
Other revenue	722,617	-	-	19,879,255	1,513,111	22,114,983
Total revenues	137,819,616	31,371,194	1,070,310	20,378,592	18,915,084	209,554,796
EXPENDITURES						
Current:						
General government	13,401,108	-	-	100,202	1,110,509	14,611,819
Public safety	36,264,732	-	-	473,768	589,629	37,328,129
Economic and physical development	1,619,999	1,539,927	990,920	19,492,855	10,284,697	33,928,398
Human services	16,707,650	-	-	-	538,245	17,245,895
Cultural and recreational	6,106,612	-	-	-	16,375	6,122,987
Environmental protection	3,332,976	-	-	-	6,998,099	10,331,075
Education	23,889,232	-	-	10,050	474,311	24,373,593
Airport	902,816	-	-	-	-	902,816
Debt service:						
Principal retirement	13,493,679	19,408,257	-	-	824,607	33,726,543
Interest and other charges	2,082,332	619,795	-	-	30,247	2,732,374
Bond issuance costs	-	-	-	527,417	-	527,417
Capital outlay:						
General government	180,281	-	-	67,466	-	247,747
Public safety	1,691,478	-	-	8,339,000	-	10,030,478
Economic and physical development	-	-	-	25,888,262	-	25,888,262
Human services	63,066	-	-	-	-	63,066
Cultural and recreational	483,493	-	-	96,667	-	580,160
Environmental protection	134,421	-	-	732,821	1,534,146	2,401,388
Education	-	-	-	-	2,236,044	2,236,044
Total expenditures	120,353,875	21,567,979	990,920	55,728,508	24,636,909	223,278,191
Excess (deficiency) of revenues over (under) expenditures	17,465,741	9,803,215	79,390	(35,349,916)	(5,721,825)	(13,723,395)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	1,311,071	221,824	-	2,375,871	6,722,150	10,630,916
Transfers to other funds	(7,304,543)	(1,793,478)	-	(221,824)	(1,311,071)	(10,630,916)
Installment financings issued	1,823,834	-	-	37,681,156	1,633,938	41,138,928
Premium on installment financings	-	-	-	5,286,470	-	5,286,470
Lease liabilities issued	9,998	-	-	-	-	9,998
Sale of surplus property	129,496	-	-	-	59,195	188,691
Total other financing sources (uses)	(4,030,144)	(1,571,654)	-	45,121,673	7,104,212	46,624,087
Net change in fund balances	13,435,597	8,231,561	79,390	9,771,757	1,382,387	32,900,692
Fund balances-beginning	99,072,656	39,674,703	-	29,032,720	24,365,766	192,145,845
Fund balances-ending	$ 112,508,253	$ 47,906,264	$ 79,390	$ 38,804,477	$ 25,748,153	$ 225,046,537

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are difference because:	
Net change in fund balances - total governmental funds	$ 32,900,692
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	23,107,843
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	40,321
Amount by which acquisition cost exceeds amortization expense for right to use assets	(208,630)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(14,086,481)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,861,175
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the of resources on the Statement of Net Position	96,320
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(5,145,786)
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	142,582
Change in net position of governmental activities	$ 41,708,036

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Over (Under)
REVENUES				
Ad valorem taxes	$ 68,987,714	$ 68,987,714	$ 69,213,784	$ 226,070
Other taxes	31,288,198	31,288,198	31,768,731	480,533
Unrestricted intergovernmental	1,516,000	1,516,000	2,273,248	757,248
Restricted intergovernmental	5,523,187	6,147,957	7,118,911	970,954
Permits and fees	2,916,199	2,916,199	3,449,008	532,809
Sales and services	8,195,916	8,201,916	6,650,180	(1,551,736)
Investment income	804,000	804,000	2,402,136	1,598,136
Other revenue	736,011	657,283	406,673	(250,610)
Total revenues	119,967,225	120,519,267	123,282,671	2,763,404
EXPENDITURES				
Current:				
General government	18,741,947	15,469,005	13,401,108	(2,067,897)
Public safety	36,448,656	39,981,310	35,831,464	(4,149,846)
Economic and physical development	1,444,083	2,001,229	1,619,999	(381,230)
Human services	18,196,251	20,116,166	16,707,650	(3,408,516)
Cultural and recreational	5,898,452	6,519,597	6,106,612	(412,985)
Environmental protection	3,208,855	3,429,207	2,881,096	(548,111)
Education	25,064,674	25,347,449	23,889,232	(1,458,217)
Airport	902,232	902,816	902,816	-
Capital outlay:				
General government	-	77,600	18,599	(59,001)
Public safety	19,784	501,553	492,899	(8,654)
Economic and physical development	-	-	-	-
Human services	-	22,950	-	(22,950)
Cultural and recreational	196,500	452,499	223,045	(229,454)
Environmental protection	-	18,112	18,112	-
Total expenditures	110,121,434	114,839,493	102,092,632	(12,746,861)
Excess of revenues over expenditures	9,845,791	5,679,774	21,190,039	15,510,265
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	800,000	800,000	1,311,071	511,071
Transfers to other funds	(13,843,117)	(14,381,867)	(14,381,867)	-
Lease liabilities issued	-	69,000	9,998	(59,002)
Sale of surplus property	80,000	80,000	129,496	49,496
Total other financing sources (uses)	(12,963,117)	(13,432,867)	(12,931,302)	501,565
Net change in fund balances*	(3,117,326)	(7,753,093)	8,258,737	16,011,830
Fund balance -- beginning	59,678,799	59,678,799	59,678,799	-
Fund balance -- ending	$ 56,561,473	$ 51,925,706	67,937,536	$ 16,011,830

A legally budgeted Capital Investment Fund is consolidated into the General Fund for reporting purposes:

Other taxes	13,807,530
Restricted intergovernmental	358,000
Investment income	4,922
Transfer from general fund	10,425,000
Installment financing proceeds	1,823,834
Expenditures	(17,593,294)
Transfer to capital projects fund	(1,875,871)
Transfer to school capital projects fund	(3,571,805)
Fund balance -- beginning Capital Investment Fund	24,381,363

(continued)

DARE COUNTY, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2023

	Actual Amounts
A legally budgeted Disaster Recovery Fund is consolidated into the General Fund for reporting purposes:	
Investment income	51,050
Expenditures	(10,720)
Fund balance -- beginning Disaster Recovery Fund	1,443,712
A legally budgeted Law Enforcement Officers Special Separation Allowance Fund is consolidated into the General Fund for reporting purposes:	
Investment income	9,540
Transfer from general fund	100,000
Expenditures	(205,349)
Fund balance -- beginning LEO Special Separation Allowance Fund	320,296
A legally budgeted Home Health and Hospice Restricted Fund is consolidated into the General Fund for reporting purposes:	
Investment income	10,903
Fund balance -- beginning Home Health and Hospice Restricted Fund	2,748,486
A legally budgeted Storm Water Fund is consolidated into the General Fund for reporting purposes:	
Restricted intergovernmental	45,000
Other revenue	250,000
Transfer from general fund	2,000,000
Expenditures	(451,880)
Fund balance -- beginning Storm Water Fund	-
A legally budgeted Community Development Housing Fund is consolidated into the General Fund for reporting purposes:	
Fund balance -- beginning Community Development Housing Fund	10,500,000
Fund balance -- ending consolidated General Fund	$ 112,508,253

*The net change in fund balances was included in the budget as an appropriation of fund balance.

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Beach Nourishment Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Over
	Original	Final	Actual Amounts	(Under)
REVENUES				
Ad valorem taxes	$ -	$ -	$ 918,996	$ -
Other taxes	-	-	16,083,319	-
Restricted intergovernmental	-	-	13,152,221	-
Investment income (loss)	-	-	1,216,658	-
Total revenues	19,417,860	20,442,860	31,371,194	10,928,334
EXPENDITURES				
Current:				
Economic & physical development	-	-	1,539,927	-
Debt service:				
Principal retirement	-	-	19,408,257	-
Interest and other charges	-	-	619,795	-
Total expenditures	21,109,314	23,194,359	21,567,979	(1,626,380)
Excess of revenues over (under) expenditures	(1,691,454)	(2,751,499)	9,803,215	12,554,714
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	221,824	221,824
Transfers to other funds	(3,000,000)	(3,000,000)	(1,793,478)	1,206,522
Total other financing uses	(3,000,000)	(3,000,000)	(1,571,654)	1,428,346
Net change in fund balances*	(4,691,454)	(5,751,499)	8,231,561	13,983,060
Fund balance -- beginning	39,674,703	39,674,703	39,674,703	-
Fund balance -- ending	$ 34,983,249	$ 33,923,204	$ 47,906,264	$ 13,983,060

*The net change in fund balances was included in the budget as an appropriation of fund balance.

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Housing Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Over
	Original	**Final**	**Actual Amounts**	**(Under)**
REVENUES				
Restricted intergovernmental	$ -	$ -	$ 990,920	$ -
Investment income (loss)	-	-	79,390	-
Total revenues	-	35,000,000	1,070,310	(33,929,690)
EXPENDITURES				
Current:				
Economic & physical development	-	-	990,920	-
Total expenditures	-	35,000,000	990,920	(34,009,080)
Net change in fund balance	-	-	79,390	79,390
Fund balance -- beginning	-	-	-	-
Fund balance -- ending	$ -	$ -	$ 79,390	$ 79,390

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities — Major Enterprise Fund-Water	Governmental Activities — Internal Service Funds
ASSETS		
Current assets:		
Cash and equivalents	$ 2,676,172	$ 5,166,453
Restricted cash and cash equivalents:		
Customer deposits	2,146,237	-
Revenue bond covenant accounts:		
Extension & replacement	15,905,993	-
Restricted surplus	3,197,975	-
Debt service account	1,355	-
Total revenue bond covenant accounts	19,105,323	-
Total restricted cash and cash equivalents	21,251,560	-
Accrued interest receivable on investments	85,319	-
Accrued interest receivable on leases	12,632	-
Accounts receivable (net)	4,183,509	1,184,132
Lease receivable	493,194	-
Inventories	626,516	612,081
Prepaid items	-	1,780,577
Total current assets	29,328,902	8,743,243
Noncurrent assets:		
Lease receivable	3,218,263	-
Capital assets:		
Land	4,573,941	-
Buildings	61,382,694	141,260
Improvements other than buildings	57,229,830	28,050
Equipment	6,633,090	599,801
Machinery	1,588,975	1,094,947
Construction in progress	6,645,835	-
Less accumulated depreciation	(69,778,118)	(1,631,244)
Total capital assets (net of accumulated depreciation	68,276,247	232,814
Total noncurrent assets	71,494,510	232,814
Total assets	100,823,412	8,976,057
DEFERRED OUTFLOWS OF RESOURCES	3,418,284	418,096

(continued)

DARE COUNTY, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities Major Enterprise Fund-Water	Governmental Activities Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	396,733	348,075
Accrued liabilities	87,411	24,823
Accrued claims incurred but not reported	-	1,837,763
Compensated absences	118,310	25,604
Deferred revenues	18,515	-
Accrued interest payable	334,182	-
Current liabilities payable from restricted assets:		
Customer utility deposits	2,146,237	-
Revenue bonds payable	1,525,000	-
Total current liabilities	4,626,388	2,236,265
Noncurrent liabilities:		
Deferred revenues	239,716	-
Compensated absences	319,874	69,226
Net pension liability	2,578,365	630,407
Other postemployment benefits	10,842,073	-
Revenue bonds payable (net of unamortized premium)	19,783,912	-
Total noncurrent liabilities	33,763,940	699,633
Total liabilities	38,390,328	2,935,898
DEFERRED INFLOWS OF RESOURCES	6,319,815	7,104
NET POSITION		
Net investment in capital assets	48,221,907	232,814
Restricted for bond covenants	19,105,323	-
Unrestricted	(7,795,677)	6,218,337
Total net position	59,531,553	$ 6,451,151
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	491,356	
Net position of business-type activities	$ 60,022,909	

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities		Governmental Activities
	Major Water	Total Enterprise Funds	Internal Service Funds
Operating revenues:			
Charges for sales and services:			
Water sales	$ 14,322,523	$ 14,322,523	$ -
Wastewater charges	65,693	65,693	-
Connection fees	97,348	97,348	-
System development fees	644,426	644,426	-
Water assessments	32,169	32,169	-
Penalties	64,233	64,233	-
Service revenue	-	-	3,103,439
Internal funding	-	-	17,612,385
Other revenue	111,264	111,264	346,752
Total operating revenues	15,337,656	15,337,656	21,062,576
Operating expenses:			
Hatteras water system	1,404,634	1,404,634	-
Joseph "Mac" Midgett water plant	875,520	875,520	-
North water plant	2,067,625	2,067,625	-
Skyco water plant	2,056,664	2,056,664	-
Water distribution system	4,126,985	4,126,985	-
Stumpy Point water and sewer system	181,326	181,326	-
Insurance	-	-	17,600,354
Fleet maintenance	-	-	3,399,623
Depreciation	3,812,367	3,812,367	75,389
Total operating expenses	14,525,121	14,525,121	21,075,366
Operating income	812,535	812,535	(12,790)
Nonoperating revenues (expenses):			
Intergovernmental	497,500	497,500	-
Lease revenue	593,788	593,788	-
Investment income	772,023	772,023	170,306
Sale of capital assets	13,281	13,281	-
Engineering	(498,540)	(498,540)	
Interest expense	(844,621)	(844,621)	-
Amortization of deferred amount on refunding	(243,397)	(243,397)	-
Amortization of net original issue discount	226,442	226,442	-
Total nonoperating revenue (expenses)	516,476	516,476	170,306
Income before contributions	1,329,011	1,329,011	157,516
Capital contributions	1,079,845	1,079,845	7,690
Change in net position	2,408,856	2,408,856	165,206
Net position-beginning	57,122,697		6,285,945
Net position-ending	$ 59,531,553		$ 6,451,151
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		22,624	
Change in net position of business-type activities		$ 2,431,480	

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities — Major Enterprise Fund-Water	Governmental Activities — Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 14,943,544	$ 2,734,256
Receipts from interfund charges for insurance services	-	16,099,946
Receipts from interfund charges for fleet maintenance services	-	1,512,439
Other receipts	102,274	-
Payments to suppliers and service providers	(5,542,201)	(19,455,893)
Payments to employees for salaries and benefits	(5,459,628)	(1,418,727)
Net cash provided by operating activities	4,043,989	(527,979)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cooperative agreement contributions	349,970	-
Fees paid for cooperative agreement	(498,540)	-
Net cash provided by (used for) noncapital financing activities	(148,570)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,929,265)	-
Principal paid on capital debt	(1,460,000)	-
Interest paid on capital debt	(875,038)	-
Proceeds from the sale of assets	13,281	-
Proceeds from the lease of assets	554,015	-
Net cash used for capital and related financing activities	(5,697,007)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Gain on investments	701,978	159,374
Net cash used for investing activities	701,978	159,374
Net increase (decrease) in cash and cash equivalents	(1,099,610)	(368,605)
Cash and cash equivalents, July 1	25,027,342	5,535,058
Cash and cash equivalents, June 30	$ 23,927,732	$ 5,166,453
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 812,535	$ (12,790)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	3,812,367	75,389
(Increase) in accounts receivable	(332,563)	(715,751)
(Increase) in inventories	(62,299)	(26,083)
(Increase) in prepaid items	-	(214,431)
(Increase) in deferred outflows of resources-pensions	(712,178)	(174,127)
Increase in net pension liability	1,931,441	472,235
(Decrease) in deferred inflows of resources-pensions	(922,449)	(225,538)
Increase in deposits payable	56,415	-
Increase (decrease) in accounts payable	(51,254)	29,241
(Decrease) in accrued liabilities	(30,617)	(13,570)
Increase in accrued claims incurred but not reported	-	251,665
Increase in compensated absences payable	100,789	25,965
(Decrease) in deferred revenues	(15,690)	(184)
Decrease in deferred outflows of resources-other postemployment benefits	1,077,462	-
Increase in net other postemployment benefits liability	115,918	-
(Decrease) in deferred inflows of resources-other postemployment benefits	(1,735,888)	-
Total adjustments	3,231,454	(515,189)
Net cash provided by operating activities	$ 4,043,989	$ (527,979)
Schedule of non-cash capital and related financing activities:		
Contributions of capital assets	$ 1,079,845	$ 7,690

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Pension (and Other Employee Benefit) Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ -	$ 3,746,040
Cash and cash equivalents with fiscal agent - restricted	5,943,711	-
Accounts receivable (net of allowance for uncollectibles)	-	4,861,604
Due from component unit	-	193,212
Total assets	5,943,711	8,800,856
LIABILITIES AND NET POSITION		
Liabilities:		
Accounts payable	-	41,836
Intergovernmental payable - other agencies	-	5,461,231
Due to component unit	-	2,853,456
Total liabilities	-	8,356,523
Net position:		
Pensions	2,667,511	-
Postemployment benefits other than pensions	3,276,200	-
Individuals, organizaitons, and other governments	-	444,333
Total net position	$ 5,943,711	$ 444,333

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Pension (and Other Empoyee Benefit) Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	$ 4,353,467	$ -
Private contributions	-	64,995,519
Total contributions	4,353,467	64,995,519
Investment earnings:		
Interest	64,004	-
Net increase in the fair value of investments	448,871	-
Total investment earnings (loss)	512,875	-
Less investment expense	816	-
Net investment earnings (loss)	512,059	-
Total additions	4,865,526	64,995,519
DEDUCTIONS		
Benefits paid to participants	4,284,652	218,773
Payments on behalf of participants	-	282,226
Taxes distributed to other governments	-	64,449,666
Grant payments to other agencies	-	15,994
Total deductions	4,284,652	64,966,659
Net increase (decrease) in fiduicary net position	580,874	28,860
NET POSITION		
Beginning of year	5,362,837	415,473
End of year	$ 5,943,711	$ 444,333

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Combining Statement of Net Position
All Discretely Presented Component Units
June 30, 2023

	Dare County Airport Authority	Dare County ABC Board	Dare County Tourism Board	Rodanthe, Waves, Salvo Community Center	Stumpy Point Community Center	Wanchese Community Center	Hatteras Village Community Center	Total Component Units
ASSETS								
Cash and cash equivalents	$ 6,418,557	$ 8,612,003	$ 15,224,622	$ 1,414,733	$ 27,127	$ 77,077	$ 135,525	$ 31,909,644
Receivables (net of allowance for uncollectibles)	67,435	-	2,399,704	10,146	599	4,034	12,748	2,494,666
Inventories	64,133	1,586,479	4,129	-	-	-	-	1,654,741
Prepaids	-	91,357	-	-	-	-	-	91,357
Restricted assets:								
Cash and cash equivalents	-	-	8,988,265	-	-	-	-	8,988,265
Right to use leased assets, net of amortization	-	448,864	-	-	-	-	-	448,864
Capital assets:								
Land and construction in progress	9,379,857	910,042	12,911,111	553,007	-	-	242,690	23,996,707
Other capital assets, net of depreciation	3,124,497	3,198,925	6,065,097	756,269	16,656	146,640	2,553,246	15,861,330
Total assets	19,054,479	14,847,670	45,592,928	2,734,155	44,382	227,751	2,944,209	85,445,574
DEFERRED OUTFLOWS OF RESOURCES								
Pension related	225,772	580,312	390,456	-	-	-	-	1,196,540
OPEB related	286,119	277,984	108,034	-	-	-	-	672,137
Total deferred outflows of resources	511,891	858,296	498,490	-	-	-	-	1,868,677
LIABILITIES								
Accounts payable and current liabilities	128,530	1,795,967	31,638	1,957	808	8,294	403,422	2,370,616
Accrued liabilities	10,679	19,685	-	-	-	-	-	30,364
Due to primary government	-	1,129,219	-	-	-	-	-	1,129,219
Unearned revenue	-	-	5,550	-	-	-	-	5,550
Customer deposits	10,582	-	-	-	-	-	3,400	13,982
Noncurrent liabilities:								
Due within one year	-	40,968	-	-	-	-	-	40,968
Due in more than one year	2,761,499	2,969,333	1,465,697	-	-	-	-	7,196,529
Total liabilities	2,911,290	5,955,172	1,502,885	1,957	808	8,294	406,822	10,787,228
DEFERRED INFLOWS OF RESOURCES								
Leases	-	-	364,385	-	-	-	-	364,385
Pension related	3,836	31,880	23,934	-	-	-	-	59,650
OPEB related	568,140	518,302	138,779	-	-	-	-	1,225,221
Total inflows outflows of resources	571,976	550,182	527,098	-	-	-	-	1,649,256
NET POSITION								
Net investment in capital assets	12,504,354	4,108,967	18,976,208	1,309,276	16,656	146,640	2,795,936	39,858,037
Restricted for:								
Stabilization by state statue	-	-	13,098,443	7,632	73	461	7,250	13,113,859
Law enforcement	-	1,289,715	-	-	-	-	-	1,289,715
Capital improvements	-	2,628,668	-	-	-	-	-	2,628,668
Working capital	-	736,790	-	-	-	-	-	736,790
Unrestricted	3,578,750	436,472	11,986,784	1,415,290	26,845	72,356	(265,799)	17,250,698
Total net position	$ 16,083,104	$ 9,200,612	$ 44,061,435	$ 2,732,198	$ 43,574	$ 219,457	$ 2,537,387	$ 74,877,767

The notes to the financial statements are an integral part of this statement.

DARE COUNTY, NORTH CAROLINA
Combining Statement of Activities
All Discretely Presented Component Units
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position							
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Dare County Airport Authority	Dare County ABC Board	Dare County Tourism Board	Rodanthe, Waves, Salvo Community Center	Stumpy Point Community Center	Wanchese Community Center	Hatteras Village Community Center	Total Component Units
Component units:												
Dare County Airport Authority	$ 1,729,576	$ 949,114	$ 902,816	$ 1,490,943	$ 1,613,297	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,613,297
Dare County ABC Board	24,514,785	-	-	-	-	(24,514,785)	-	-	-	-	-	(24,514,785)
Dare County Tourism Board	7,854,276	284,188	-	-	-	-	(7,570,088)	-	-	-	-	(7,570,088)
Rodanthe, Waves, Salvo Community Center	165,807	-	10,766	-	-	-	-	(155,041)	-	-	-	(155,041)
Stumpy Point Community Center	8,244	-	1,401	-	-	-	-	-	(6,843)	-	-	(6,843)
Wanchese Community Center	45,892	-	2,526	-	-	-	-	-	-	(43,366)	-	(43,366)
Hatteras Village Community Center	467,498	10,865	-	-	-	-	-	-	-	-	(456,633)	(456,633)
Total component units	$34,786,078	$ 1,244,167	$ 917,509	$ 1,490,943	1,613,297	(24,514,785)	(7,570,088)	(155,041)	(6,843)	(43,366)	(456,633)	(31,133,459)
General revenues:												
Property taxes					-	-	-	220,992	7,841	53,480	308,704	591,017
Occupancy taxes					-	-	8,041,417	-	-	-	-	8,041,417
Other taxes					-	-	3,678,779	-	-	-	-	3,678,779
Alcoholic beverage sales					-	25,097,576	-	-	-	-	-	25,097,576
Other revenues					25,477	-	-	-	200	-	1,813	27,490
Unrestricted investment earnings					137,867	43,558	669,851	10,138	664	-	2,408	864,486
Total general revenues					163,344	25,141,134	12,390,047	231,130	8,705	53,480	312,925	38,300,765
Change in net position					1,776,641	626,349	4,819,959	76,089	1,862	10,114	(143,708)	7,167,306
Net position-beginning					14,306,463	8,574,263	39,241,476	2,656,109	41,712	209,343	2,681,095	67,710,461
Net position-ending					$ 16,083,104	$ 9,200,612	$ 44,061,435	$ 2,732,198	$ 43,574	$ 219,457	$ 2,537,387	$ 74,877,767

The notes to the financial statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

The accounting policies of Dare County and its component units 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 County, which is governed by a seven-member Board of Commissioners, is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10 [hereinafter, references to the North Carolina General Statutes will be cited as "G.S,"]. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and therefore data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government and each discretely presented component unit has a June 30 fiscal year end. Two component units of the County have no financial transactions or account balances; therefore, they do not appear in the basic financial statements.

Blended Component Units
Other Post-employment Benefit Trust Fund
The Other Post-Employment Benefit Trust Fund accounts for health care coverage provided to qualified retirees (the Healthcare Benefits Plan) and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust. The County performs activities of the Trust and the governing board has appointed the County Manager, the Finance Director, and the Human Resources Director as the Trust trustees, thus effectively appointing the voting majority of what would be a governing board of the Trust. The Trust is reported as a Pension (and Other Employee Benefit) Trust Fund.

Law Enforcement Officers' Special Separation Allowance Trust Fund
The Law Enforcement Officers' Special Separation Allowance Trust Fund accounts for health care provided to qualified retirees (the Separation Allowance) and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust. The County performs activities of the Trust and the governing board has appointed the County Manager, the Finance Director, and the Human Resources Director as the Trust trustees, thus effectively appointing the voting majority of what would be a governing board of the Trust. The Trust is reported as a Pension (and Other Employee Benefit) Trust Fund.

Discretely Presented Component Units
Dare County Airport Authority
The Dare County Airport Authority (Airport) is a public authority under G.S. 159-7. The County Board of Commissioners appoints the Airport's governing board and may remove appointees at will. The County provides an annual appropriation to the Airport for operating expenses which, for budgetary purposes and for purposes of reporting under generally accepted accounting principles, is shown as a department within the County's General Fund. The Airport is presented as a proprietary fund.

Dare County Alcoholic Beverage Control Board
The Dare County Alcoholic Beverage Control Board (ABC Board) is a corporate body with powers outlined by G.S. 18B-701. The County Board of Commissioners appoints the ABC Board's governing board. The ABC Board is reported as a component unit as it is required by state statue to distribute its surpluses, after other required distributions, including to the County's Social Services Foster Care (Special Revenue) Fund, to the General Fund of the County which is a material financial benefit to the County. The ABC Board is presented as a proprietary fund.

Dare County Tourism Board
The Dare County Tourism Board (Tourism Board) was created by the General Assembly of North Carolina, 1991 session, Chapter 177, House Bill 225, and is a public authority as outlines by G.S. 159-7. The Tourism Board's primary revenue sources are a 1% occupancy tax and a 1% prepared food and beverage tax, both enabled by the above House Bill 225 and levied by the County Board of Commissioners. 75% of net tax proceeds may be used for administration and to promote tourism. 25% of the net tax proceeds must be used for services or programs needed due to the impact of tourism on the county, and the County Board of Commissioners must approve the related projects. The County collects and remits to the Tourism Board the above occupancy and prepared food tax proceeds, which are accounted for in the Tax and ABC Pass-through (Custodial) Fund.

Stumpy Point Community Center District

The Stumpy Point Community Center District (SPCC) is a political subdivision of the State created by the General Assembly of North Carolina, 1965 session, House Bill 886, after approval by a majority of voters within the District. The County Board of Commissioners appoints the District's governing board and may remove appointees at will. The County Board of Commissioners levies a property tax within the District at the request of the District's governing board. The County collects the property tax and remits the proceeds to the District, which are accounted for in the Tax and ABC pass-through (Custodial) Fund.

Hatteras Village Community Center District

The Hatteras Village Community Center District (District) is a political subdivision of the State created by the General Assembly of North Carolina, 1981 session, House Bill 511, after approval by a majority of voters within the District. The County Board of Commissioners appoints the District's governing board and may remove appointees at will. The County Board of Commissioners levies a property tax within the District at the request of the District's governing board. The County collects the property tax and remits the proceeds to the District, which is accounted for in the Tax and ABC pass-through (Custodial) Fund.

Rodanthe-Waves-Salvo Community Center District

The Rodanthe-Waves-Salvo Community Center District (District) is a political subdivision of the State created by the General Assembly of North Carolina, 1956 session, House Bill 885, after approval by a majority of voters within the District. The County Board of Commissioners appoints the District's governing board and may remove appointees at will. The County Board of Commissioners levies a property tax within the District at the request of the District's governing board. The County collects the property tax and remits the proceeds to the District, which are accounted for in the Tax and ABC pass-through (Custodial) Fund.

Wanchese Community Center District

The Wanchese Community Center District (District) is a political subdivision of the State created by the General Assembly of North Carolina, 1961 session, House Bill 555, after approval by a majority of voters within the District. The County Board of Commissioners appoints the District's governing board and may remove appointees at will. The County Board of Commissioners levies a property tax within the District at the request of the District's governing board. The County collects the property tax and remits the proceeds to the District, which is accounted for in the Tax and ABC pass-through (Custodial) Fund.

Component units which do not appear in the combined financial statements

Dare County Industrial Facilities and Pollution Control Financing Authority

The Dare County Industrial Facilities and Pollution Control Financing Authority (Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board, all appointed by the County Board of Commissioners. The Commissioners may remove any board member of the Authority at will. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

Dare County Public Facilities Corporation

The Dare County Public Facilities Corporation (Corporation) is a nonprofit corporation that exists to assist the County in the financing of the acquisition, construction, and equipping of certain governmental and school facilities. The Corporation has a three-member Board of Directors, all appointed by the County Board of Commissioners. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

Complete financial statements for each of the individual component units that issue financial statements may be obtained at the administrative offices of these entities:

Dare County Airport Authority	Dare County ABC Board	Dare County Tourism Bureau
410 Airport Road	2104 Croatan Highway	One Visitors Center Circle
Post Office Box 1251	Post Office Box 1979	Manteo, NC 27954
Manteo, NC 27954	Nags Head, NC 27959	

and at the County Finance Department for the Hatteras Village Community Center District, the Rodanthe-Waves-Salvo Community Center District, the Stumpy Point Community Center District, and the Wanchese Community Center District.

B. Government-wide and Fund Financial Statements and Financial Statements Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statements of activities.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The County maintains six other legally budgeted funds, the Capital Investment Fund, the Disaster Recovery Fund, the Law Enforcement Officers' Special Separation Allowance (LEOSSA) Activity Fund, the Home Health & Hospice Restricted Fund, the Storm Water Fund, and the Community Development Housing Fund, which are consolidated into the General Fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

Beach Nourishment Fund. This fund accounts for the revenues and expenditures for the County's beach nourishment projects and the County's participation in municipal beach nourishment projects, including the proceeds of a 2% occupancy tax restricted to that purpose, for County debt issuances for a County project, and for County participation, including debt, in municipal projects.

Housing Fund. This fund accounts for the revenues and expenditures for a County affordable housing project funded by the State. Section 24.1.(b) and (c) of the State fiscal 2023 budget provided $35,000,000 to the County for the purpose of making a forgivable loan to the qualified private partner selected by the County to construct affordable housing units.

Capital Projects Fund. This fund accounts for monies used for the acquisition, construction, and improvements of various capital equipment and facilities.

The County reports **non-major governmental funds** consisting of twelve legally budgeted special revenue funds, the Construction & Demolition Landfill Fund, the Emergency Telephone System Fund, the Social Services Foster Care Fund, the Sanitation Fund, the Inlet Maintenance Fund, the Donations Fund, the American Rescue Plan Fund, the Deeds of Trust Fund, the Fines and Forfeitures Fund, the Representative Payee Fund, the Opioid Settlement Fund, and the Coronavirus Relief Fund, and one legally budgeted capital projects fund –the School Capital Projects Fund. The Coronavirus Relief Fund and the American Rescue Plan Fund are budgeted with grant ordinances.

The county reports the following major enterprise fund:

Water Fund. This fund accounts for the operation of the County's four reverse osmosis treatment plants, one nanofiltration water treatment plant, and the retail water distribution system. The County maintains two other legally budgeted funds, the Water Capital Reserve Fund and the Water Capital Projects Fund, which are consolidated into the Water Fund.

The County also reports the following fund types:

Internal Service Funds. These funds account for centralized service provided to County departments and agencies. The County has two Internal Service Funds, the Insurance Fund and the Fleet Maintenance Fund.

Pension (and Other Employee Benefit) Trust Funds. The County reports two Pension (and Other Employee Benefit) Trust Funds, the Other Post-employment Benefit (OPEB) Trust Fund and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) Trust Fund. Both funds are blended component units. Pension (and Other Employee Benefit) Trust Funds are used to report fiduciary activities for OPEB plans and pension plans that are administered through trusts that meet certain criteria. The Other Post-Employment Benefit Trust Fund accounts for the County's contributions for health care coverage provided to qualified retirees (the Healthcare Benefits Plan) and for contributions made to finance future benefits, which are held in a qualifying irrevocable trust (Note 8.A). The Law Enforcement Officers' Special Separation Allowance Trust Fund accounts for the County's activity for a State mandated defined benefit pension plan to provide special separation benefits to qualified employees under the age of 62, and for County contributions made to finance future benefits, which are held in a qualifying irrevocable trust (Note 7.C).

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial Funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains six Custodial funds: The Tax and ABC Pass-through Fund that accounts for moneys collected and distributed for special tax districts, ABC Board designated funds, occupancy taxes, prepared food tax, property tax collections for the towns of Manteo, Kitty Hawk, Kill Devil Hills, Southern Shores and Duck, and vehicle property taxes; the Grant Pass-through Fund that accounts for State grant funds passed through the County to subrecipients; the Inmate Banking Fund that accounts for funds held for and used by detainees and inmates at the Dare County Detention Center; the Government Access Fund that accounts for funds held for the Government Access Committee (Note 17); the General Activities Fund that accounts for donated funds that are donor specified for use within the community; and the Library Activities Fund that accounts for funds received by the Library Board to be used in accordance with donations and memorial instructions.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation and 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. 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, including lease and subscription liabilities, claims, and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and information technology subscriptions are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the State and payable to the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County'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

Budgets are adopted as required by State statute. An annual budget ordinance is adopted for the General (excluding the Disaster Recovery Fund and the NC Office of Recovery and Resiliency Fund), Special Revenue (excluding the Coronavirus Relief Fund and the American Rescue Plan Fund), and Enterprise (excluding the Water Capital Projects Fund) funds. Financial plans are adopted for the Internal Service funds as allowed by G.S. 159-13.1. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for Capital Project funds. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. Expenditures may not legally exceed appropriations at the departmental level for the General, at the fund level for Special Revenue and Enterprise funds, and at the project level for the Capital Project funds. All Social Services and Health departments (General Fund) are treated as one department per the budget ordinance. Tax Collection and Tax Assessment departments (General Fund) are treated as one department per the budget ordinance. The county manager is authorized by the budget ordinance to transfer any amount within a department and to transfer appropriations between departments within a fund up to $50,000. However, any revisions that change the total departmental appropriations must be reported by the county manager to the governing board at its next regularly scheduled meeting. Any revisions that alter total revenues- or expenditures of any fund must be adopted by the governing board.

As required by G.S.159-26(d), the County maintains encumbrance accounts that are considered to be budgetary accounts. Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as a portion of the fund balance section of the balance sheet. These will be charged against the subsequent year's budget after re-appropriation of the amount of the encumbrances from appropriated fund balance or grant revenues, as authorized in the budget ordinance (Note 11.E).

E. Deposits and Investments

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

G.S. 159-30(c) authorizes the County, the Airport, the ABC Board, and the Tourism Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). Per an investment policy adopted by the governing board, investments in obligations of the Bank for Cooperatives, obligations of the Federal Intermediate Credit Bank, obligations of the Federal Land Banks, obligations of the Farmers Home Administration, bonds or notes of any North Carolina local government or public authority that is rated below the AA category, repurchase agreements (except as allowed for debt proceeds), and collateralized mortgage obligations are not allowed, although legal under G.S. 159-30(c).

The majority of the County's, the Airport's, ABC Board's, and the Tourism Board's investments are carried at fair value. Non-participating interest earnings contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) consists of a SEC registered fund authorized by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund which invests in treasuries and governmental agencies and is rated AAAm by Standard & Poors and AAAmf by Moody's Investors Service. The NCCMT Government Portfolio is reported at fair value.

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 the 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 Standards & Poors Global Ratings and AAAmmf by Fitch Ratings.

G.S. 159-30.1 allowed the County to establish the OPEB Trust Fund and the LEOSSA Trust Fund (both blended component units) managed by the Department of the State Treasurer as the Ancillary Government Participant Investment Program ("AGPIP") and operated in accordance with state laws and regulations. It is not registered with the SEC. The State Treasurer, in their discretion, may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as allowed by G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short-Term Investment Funds (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the State Treasurer's Bond Index Fund (BIF) consisting of high-quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs, other than quoted prices, included within Level 1 that are either directly or indirectly observable for the asset or liability. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings.

The BlackRock MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. Fair value for this BlackRock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

F. Cash and Cash Equivalents

The County pools monies from all funds, except the Library Activities (Custodial) Fund, the Representative Payee (Special Revenue) Fund, the Inmate Banking (Custodial) Fund, the Wanchese Community Center (Custodial) Fund, the OPEB (Pension and Other Employee Benefit Trust) Fund (a blended component unit), and the LEOSSA Trust (Pension and Other Employee Benefit Trust) Fund to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments that are not limited as to use are essentially demand deposits and are considered cash and cash equivalents. The Airport, the ABC Board, and the Tourism Board consider demand deposits and investments purchased with an original maturity of three months or less, that are not limited as to use, to be cash and cash equivalents.

G. Restricted Assets

The County's Series 2012C, Series 2012D, Series 2013A, Series 2014, Series 2016A, Series 2018, Series 2020A, Series 2021A, Series 2021B, Series 2022A, and Series 2023A Limited Obligation Bonds (LOBs) are classified as restricted assets as their use is limited by applicable contract provisions (Note 14).

Certain assets of the Capital Investment Fund (General Fund) may be classified as restricted assets as their use is restricted per Session Law 1985-716.

Certain assets of the Water (Enterprise) Fund are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants of the County's Series 2017 utilities (water) system revenue bonds (Note 14). The revenue bond extension and replacement account is used to report resources set aside for extensions, additions and capital improvements to, or the renewal and replacement of capital assets of the water system. The revenue bond surplus account is used to report resources accumulated as surplus, as defined and allowed by bond covenants. Certain assets of the Water (Enterprise) Fund are classified as restricted assets because the County and two municipal wholesale water customers, as part of capital charges required by the related contract (Note 22), have agreed to fund a reserve for membrane replacement through the wholesale water rate. The membrane replacement reserve is a portion of the revenue bond extension and replacement account. Cash held from customer security deposits is also classified as restricted assets.

The revenue bond debt service account, held by the trustee and used to segregate funds for debt service payments for the County's Series 2017 utilities (water) system revenue bonds (Note 14), as well as certain resources set aside for their payment, are classified as restricted assets on the Water (Enterprise) Funds balance sheet as their use is limited by applicable bond covenants.

H. Ad Valorem Taxes Receivable and Deferred Revenues

In accordance with G.S. 105-347 and G.S. 159-13(a), the County levies ad valorem taxes, except for ad valorem taxes on certain vehicles (Note 1.C), on July 1, the beginning of the fiscal year, and these taxes are due on September 1; however, no interest or penalties are assessed until the following January 6. The taxes for the fiscal year ended June 30, 2023 were based on assessed values as of January 1, 2022. The taxes were collected throughout the fiscal year, from August through June.

I. Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

J. Allowances for Doubtful Accounts

Allowances for doubtful accounts, if material, are maintained on all types of receivables that historically experience non-collectable accounts (Note 4). The amounts are estimated by analyzing the percentage of receivables that were written off in prior years.

K. Inventories and Prepaid Items

Inventories of the County are valued at cost, which approximates market, using the average cost method. Inventories of the Airport, the ABC Board, and the Tourism Board are valued at cost, which approximates market, using the first-in, and first-out method. The inventory of the County's General Fund consists of expendable supplies and is recorded as an expenditure when consumed (consumption method). The inventories of the County's Enterprise and Internal Service funds and those of the Airport, the ABC Board, and the Tourism Board consist of materials and supplies held for consumption. In each case, the cost is recorded as an expense when the inventory is consumed. 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 using the consumption method.

L. Capital Assets

Purchased or constructed capital assets, except for intangible right-to-use lease and subscription assets (Note 1.M), are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. Minimum capitalization costs are as follows; land, $1; buildings, $20,000; improvements, substations, lines, and other plant and distribution systems, $5,000; infrastructure, $100,000; furniture and equipment, $5,000; and vehicles and machinery, $5,000. The cost of normal maintenance and repairs that do not add to the values of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Dare County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for insuring and maintaining the facilities, and provide that the County will convey title to the property to the Board of Education once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the Dare County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	Useful Life
Buildings	50 years
Improvements other than buildings	15 years
Furniture and appliances	10 years
Vehicles and machinery	6 years
Beach nourishment infrastructure	5 years
General equipment	5 years
Ambulances	4 years
Computer equipment	3 years

Capital assets of the Airport are depreciated over their useful lives on a straight-line basis as follows:

	Useful Life
Buildings	5-40 years
Furniture and office equipment	5-10 years
Vehicles	5 years
Runways and other improvements	5-20 years

For the ABC Board, depreciation is computed by the straight-line method over the estimated useful lives of the capital assets as follows:

	Useful Life
Buildings	10-33 years
Furniture and office equipment	10-15 years
Vehicles	5 years

Capital assets of the Tourism Board are depreciated over their useful lives on a straight-line basis as follows:

	Useful Life
Buildings	10-40 years
Furniture and office equipment	5-10 years

M. Right to use assets

The County's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the County reports a lease or agreements where the County reports an Information Technology (IT) Subscription.

The right to use lease assets are measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are 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.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until that time. The County has the following items that meet this criteria: charge on refunding, pension and OPEB related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflow of Resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until that time. The County has the following items that meet the criteria for this category: prepaid taxes, prepaid grants, taxes and special assessments receivable, leases, pension and OPEB related deferrals.

O. Compensated Absences

The overtime compensation policies of the County, the Airport, and the ABC Board allow for overtime compensation to be provided in the form of compensatory time off earned at time and one half (for hours worked over 37.5 or 40 hours per week as applicable) which can be accumulated up to a total of 240 hours. Accumulated overtime compensation in excess of 240 hours is paid (certain exceptions allow for 480 hours).

For the County's government-wide and proprietary funds, the Airport, the ABC Board, and the Tourism Board, an expense and the liability for overtime compensation is accrued.

The vacation policies of the County, the Airport, the ABC Board, and the Tourism Board allow regular employees to earn vacation leave from the beginning of employment at the rate of one day per month (12 days per year). Regular employees with five or more years but less than 15 years of service earn vacation leave at the rate of one and one quarter days per month (15 days per year). Regular employees with 15 years of service earn vacation leave at the rate of one and two-thirds days per month (20 days per year). Vacation leave may accumulate up to 30 days. Vacation leave accumulated over 30 days at fiscal year-end is converted to sick leave.

For the County's government-wide and proprietary funds, the Airport, the ABC Board, and Tourism Board, an expense and a liability for vacation pay are accrued.

The sick leave policies of the County, the Airport, the ABC Board, and the Tourism Board allow employees to accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. 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 none of the entities has any obligation for accumulated sick leave until and unless it is actually taken, no accrual for sick leave has been made by the County or its component units.

P. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the 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 expenditures.

Q. Net Position and Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is comprised 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 not in spendable form or are legally or contractually required to be maintained intact.

Inventories, prepaid items, and net lease receivable – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, of prepaid items, and net lease receivable which are not spendable resources.

Restricted Fund Balance **–** This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or by law.

Restricted for Stabilization by State Statute – G.S. 159-8(a) prohibits budgeting a portion of fund balance. The restriction is calculated for all annually budgeted funds. Appropriated fund balance in any fund cannot exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those amounts stand at the close of the fiscal year next preceding the budget. The restriction is a resource upon which a restriction is imposed by law through enabling legislation. The restriction is reduced by inventories and prepaid amounts as they both are classified as non-spendable. Outstanding encumbrances are included in the restricted amount.

Restricted for Beach Nourishment – portion of fund balance that is restricted by revenue source (Session Laws 2001-439 and 2004-123) for beach nourishment.

Restricted for Capital – portion of fund balance that is restricted by external creditors and debt covenants for capital and is not shown as stabilization by state statute due to outstanding encumbrances.

Restricted for Coronavirus Relief – portion of fund balance that is restricted by revenue source (federal and state grants) for coronavirus relief expenditures.

Restricted for Dredge Loan – portion of fund balance that is restricted by revenue source (Senate Bill 99, Section 13.7(a-h) of the 2018 Session Laws) for a forgivable loan which is a component of a public-private partnership for the dredging of inlets within the County.

Restricted for Emergency Telephone System – portion of fund balance that is restricted by revenue source (Session Law 2007-383) for the regional emergency communications system.

Restricted for Health Department – portion of fund balance that is restricted by Title XIX for expenditures for the Health Department.

Restricted for Housing– portion of fund balance that is restricted by revenue source (Section 24.1. (c)) of the 2023 NC State budget for a future forgivable loan for the construction of affordable housing units within the County.

Restricted for Opioid Remediation– portion of fund balance that is restricted by revenue source (the National Opioid Settlement Agreement) for opioid remediation activities.

Restricted for Sheriff – portion of fund balance that is restricted by revenue source (federal forfeitures) for non-supplanting expenditures for the Sheriff's office.

Restricted for Social Services – portion of fund balance that can only be used for beneficiaries under the Representative Payee Program, and portion of fund balance that is restricted by revenue source (Session Law 1995-679.1) for County foster care expenditures.

Committed Fund Balance – This classification includes fund balance that can only be used for a specific purpose as imposed by a resolution adopted by a majority vote of the County's governing board. Any changes or removal of specific purposes requires a resolution adopted by a majority action of the governing body.

Committed for Capital or Debt Service – portion of fund balance that can only be used for capital or debt service for capital projects.

Committed for C&D Landfill – portion of fund balance that can only be used for the construction and demolition landfill.

Committed for Community Development Housing – portion of fund balance that can only be used for the County share of a future 4 percent LITHC project to be accomplished by a private partner.

Committed for Disaster Recovery – portion of fund balance that can only be used for recovery from natural disasters.

Committed for Inlet Maintenance – portion of fund balance that can only be used for inlet maintenance operations.

Committed for LEO Special Separation Allowance – portion of fund balance that can only be used for the law enforcement officers' special separation allowance.

Committed for Sanitation – portion of fund balance that can only be used for sanitation (garbage collection and disposal) operations or capital.

Committed for School Capital Projects – portion of fund balance that can only be used for school capital projects.

Committed for Storm Water – portion of fund balance that can only be used for storm water operations or projects.

Assigned Fund Balance – This classification is fund balance that the County's governing board had budgeted.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted or committed.

Unassigned Fund Balance – This classification is fund balance that has not been restricted, committed or assigned to a specific purpose or to other funds. The General Fund is the only fund that reports a positive unassigned fund balance.

At times the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, it is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. Revenue sources are used in the following order: bond proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be made from restricted fund balance first, followed by committed fund balance, then assigned fund balance and lastly unassigned fund balance. A deviation from the policy is authorized if in the best interest of the County.

The County has a board adopted minimum fund balance policy for the General Fund. The target goal for fund balance, after restrictions, other commitments and assignments, is a minimum of 21% of actual revenues for the then completed fiscal year of the unconsolidated General Fund (General Fund excluding six other legally budgeted general sub funds) (Note 1.B) (Note 16). Fund balance may be purposefully drawn down below the target percentage for emergencies. The policy includes a budgetary procedure if the actual percentage is below the target for two consecutive fiscal years. Fund balance that exceeds the target goal range may be transferred to the Capital Investment Fund, to the Disaster Recovery Fund, to the LEOSSA Activity Fund (Note 7.C), to the OPEB Plan (Note 8.A), to an irrevocable trust fund for a LEOSSA Plan (Note 7.C), or to any one-time purpose as determined by the Board.

R. Defined Benefit Pension Plans

The County participates in two-cost-sharing, multiple-employer, defined benefit pension plans that are administrated by the State: the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administrated defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, as well as pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value (Note 7.A and 7.F). The County is required by state law to administer a public employee retirement system, a single-employer defined benefit pension plan, to provide special separation benefits to certain sworn law enforcement officers (Note 7.C).

S. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Post-employment Healthcare Benefit Plan (HCB Plan) (Note 8.A) and additions to or deductions from the HCB Plan's fiduciary net position have been determined on the same basis as they are reported by the HCB Plan. For this purpose, the HCB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost (Note 8.A).

T. Reconciliation of Government-wide and Fund Financial Statements

i. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of ($80,900,751) consists of several elements as follows:

Description		Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column less amounts for Internal Service Funds)		$ 330,413,274
Less accumulated depreciation		(127,783,617)
Net capital assets		202,629,657
Right to use leased assets and IT subscriptions used in Governmental Funds are not financial resources and are not reported in the funds		192,066
Net pension asset - RODSPF		114,118
Contributions to the pension plan in the current fiscal year - LGERS		4,861,175
Benefit payments and pension administrative costs for LEOSSA in the current fiscal year		96,320
Internal service funds are used by management to charge the cost of insurance and fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		5,959,795
Pension related deferrals - LGERS and RODSPF		13,433,409
Pension related deferrals - LEOSSA		444,557
OPEB related deferrals		(23,651,110)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:		
Bonds, leases, IT subscriptions and installment financings payable	$ (127,309,628)	
Issuance premium (to be amortized against interest expense)	(8,755,001)	
Deferred charges on refunding	2,580,566	
Compensated absences	(4,290,614)	
Net OPEB liability	(112,153,650)	
Accrued landfill closure and post-closure costs	(6,860,567)	
Net pension liability - LGERS	(27,971,159)	
Net pension liability - LEOSSA	(392,410)	
Accrued interest payable	(481,696)	
		(285,634,159)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		653,421
Net adjustment		$ (80,900,751)

ii. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statements of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These are several elements of that total adjustment of $8,807,344 as follows:

Description			Amount
Governmental funds report capital outlays as expenditures. However, in the statement of acitivites the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay expenditures recorded in the fund statements capitalized as assets in the Statement of Activities	$ 40,676,351		
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements.	(17,568,508)		
			$ 23,107,843
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.			40,321
The amount by which acquistion costs exceeded amortization in the current period for right to use assets (leases and IT subscriptions)			(208,630)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued or incurred:			
Installment financing	(46,435,396)		
Amortization of deferred charge on refunding	(874,827)		
Amortization of premiums and discounts	892,013		
Accrued interest payable	(225,247)		
Accrued landfill closure and post-closure costs	(590,869)		
Compensated absences	(784,971)		
		$ (48,019,297)	
Principal payments		33,932,816	
			(14,086,481)
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities			4,861,175
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Net Position			96,320
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Unearned property taxes		$ (47,758)	
County's portion of collective pension expense - LGERS and RODSPF		(8,091,827)	
Pension expense - LEOSSA		(2,618,060)	
OPEB expense		5,611,859	
			(5,145,786)
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds.			142,582
Net adjustment			$ 8,807,344

Note 2. Stewardship, Compliance, and Accountability

A. None.

Note 3. Deposits and Investments

A. Deposits

All of the County's, the Airport's, the ABC Board's, and the Tourism Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the County's, the Airport's, the ABC Board's or the Tourism Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the Airport, the ABC Board, and the Tourism Board these deposits are considered to be held by their agents in the entities' names. 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 County, the Airport, the ABC Board or the Tourism Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the Airport, the ABC Board or the Tourism Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. Per a board adopted policy, the County and the Airport rely on the State Treasurer to monitor those financial institutions; the County analyzes the financial soundness of any other financial institution used by the County; and the County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured (Note 1.E). The ABC Board and the Tourism Board have no formal policy regarding custodial credit risk for deposits.

At year-end the County's deposits had a carrying value of $7,955,649 and a bank balance of $8,553,310. Of the bank balance, $1,346,078 was covered by federal depository insurance; $9,500 in non-interest-bearing deposits and $7,197.732 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2023 the County had $3,891 cash on hand.

The Airport had no deposits at June 30 as all funds of the Airport are held by the County's investment pool as part of an agreement between the County and the Airport for accounting and investment assistance.

At year-end, the ABC Board's deposits had a carrying value of $8,606,103 and a bank balance of $8,397,856. Of the bank balance, $426,719 was covered by federal depository insurance and $7,971,137 was covered by collateral held under the Pooling Method.

At June 30, 2023 the Tourism Board's deposits had a carrying value of $15,941,824 and a bank balance of $16,035,822. Of the bank balance, $1,250,000 was covered by federal depository insurance and $14,785,822 in interest bearing deposits was covered by collateral held under the Pooling Method.

At year end, the Rodanthe-Waves-Salvo Community Center District's deposits had a carrying value of $1,414,733 and a bank balance of $1,414,733. Of the bank balance, $250,000 was covered by federal depository insurance and $1,164,733 in interest bearing deposits was covered by collateral held under the Pooling Method.

B. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consisted of the following as of June 30, 2023:

<u>Governmental Activities</u>		
General Fund	Unexpended installment financing proceed	$ 1,809,368
General Fund	Unexpended debt service funds	34,688
Beach Nourishment Fund	Unexpended debt service funds	13,216
Capital Projects Fund	Unexpended installment financing proceed	49,906,804
<u>Non-major Funds</u>		
Inlet Maintenance	State grant funds for loan	818,955
Opiod Settlement Fund	Unexpended settlement funds	197,854
Sanitation Fund	Unexpended installment financing proceed	687,189
School Capital Projects Fund	Unexpended installment financing proceed	94
	Total Governmental Activities	$ 53,468,168
<u>Business-type Activities</u>		
	Restricted per bond covenants	$ 19,105,323
	Customer deposits	2,146,237
	Total Business-type Activities	$ 21,251,560

C. Investments

The net decrease in the fair value of investments during fiscal year 2023 was $664,759. This amount takes into account all changes in fair value including purchases and sales, that occurred during the year. The unrealized loss on investments held at year end, required to be recognized by GASB Statement 31, was $4,311,745. During fiscal year 2023, the County sold no investments prior to maturity.

During fiscal year 2023, investment income of $6,153,707 was realized. When combined with the $664,759 decrease in the fair value of investments, total investment income for the year 2023 was $5,488,948.

As of June 30, 2023, the County had the following investments and maturities. This schedule assumes that callable investments remain outstanding until maturity.

		Investment Maturities (in Years)						
Investment Type	Fair Value	<= 1/2	>1/2 to 1	>1 to 3	>3 to 5	>5 to 10	>10 to 15	>15 to 20
U.S. Government Agencies	$ 87,834,529	$ 6,997,785	$ 8,500,000	$ 57,914,667	$ 14,422,077	-	-	-
Commercial Paper	$ 21,371,256	14,886,569	6,484,687	-	-	-	-	-
Municipal Bonds	$ 1,000,453	-	1,000,453	-	-	-	-	-
US Treasuries	$ 23,287,441	7,955,485	6,821,916	6,650,274	1,859,766	-	-	-
NC Capital Management Trust Government Portfolio[1]	$ 53,840,078	53,840,078	-	-	-	-	-	-
NC Investment Pool	$ 25,760,633	25,760,633						
Investment Totals	$ 213,094,390	109,440,550	22,807,056	64,564,941	16,281,843	-	-	-
For policy compliance add items shown as deposits:								
Money Market Accounts	$ 275,727	275,727	-	-	-	-	-	-
Policy Totals	$ 213,370,117	109,716,277	22,807,056	64,564,941	16,281,843	$0	$0	$0
Actual % of portfolio		51.42%	10.69%	30.26%	7.63%	0.00%	0.00%	0.00%
Actual cumulative % of portfolio		92.37%			100.00%	100.00%	100.00%	100.00%
Minimum cumulative % per policy		60.00%			80.00%	92.50%	97.50%	100.00%

[1] Includes $6,418,257 held for the Airport and $27,127 held for Stumpy Point Community Center.

Investments of debt proceeds are not subject to the Board adopted policy for pooled investments. Investments of debt proceeds is limited, by Board adopted policy, to eligible securities under G.S. 159-30 (b) & (c). The policy limits the investment term to match the date the funds are estimated to be required.

As of June 30, 2023, the County had the following investments and maturities of debt proceeds:

Investment type	Investment Maturities (in years) <=1/2
North Carolina Capital Management Trust Cash Portfolio	$ 49,933,878

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. The NCIP is measured using amortized cost in accordance with GASB Statement 79.

Interest Rate Risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least 60 percent of the County's investment portfolio including certificates of deposit and money market accounts, to maturities of less than three years. Per County policy, investment maturities are required to be limited to at least 60 percent less than three years, at least 80 percent less than five years, at least 92.5 percent less than ten years, at least 97.5 percent less than fifteen years and 100 percent less than twenty years. Also, the County's policy requires maturities of securities to be laddered with staggered maturity dates, and that the County's objective is not incur losses through the trading of securities. During the year no securities were sold prior to maturity or call.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law and County policy limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations. As of June 30, 2023, the County's investment in the NC Capital Management Trust Government portfolio carried a credit rating of AAAm by Standard & Poor's and of AAAmf by Moody's. The County's investment in the NCIP carried ratings of AAAm by Standard & Poor's and AAAmmf by Fitch Ratings. The County's investment in municipal bonds (City of Raleigh, NC) carried ratings of AA+ by Standard and Poor's and Aal by Moody's. The County's investments in US agencies (Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association), Treasury bills, and Treasury notes were rated AA+ by Standard & Poor's and AAA by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has $49,933,878 in the NC Capital Management Trust Government Portfolio of invested debt proceeds that is held by the counterparty's trust department not in the County's name. The County's formal policy requires the County to utilize a third party custodial agent for book entry transactions, all of which are to be a trust department authorized to do trust work in North Carolina and has an account with the Federal Reserve. Certified securities are in the custody of the Finance Director.

Concentration of Credit Risk. The County's investment policy limits the amount that the County may invest in any one issuer, except for U.S. Treasury securities and the NC Capital Management Trust, to generally 35% of total investments. Investments which are restricted further are commercial paper, limited to no more than $3 million in a single issuer. More than 5% of the County's investments (par value), as defined by policy, are in Federal Farm Credit Bank securities (16.1%), Federal Home Loan Bank securities (21.3%), Federal Home Loan Mortgage Corporation securities (7.0%), Treasuries (13.1%), the NC Capital Management Trust Government Portfolio (5.8%), and the NC Investment Pool (18.6%).

OPEB Trust Fund. At June 30, 2023 the County's Healthcare Benefits Plan, accounted for as a Pension (and Other Employee Benefit) Trust Fund, had $3,276,200 invested in the State Treasurer's Ancillary Governmental Participant Investment Program (AGPIP) pursuant to G.S. 159-30.1. The State Treasurer's AGPIP may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to G.S. 147-69.2(1-6) and (8), and G.S. 147-69.1. At year-end, the County's Healthcare Benefits Plan AGPIP was invested in: State Treasurer's Short-Term Investment Fund (STIF) 19.38%; State Treasurer's Bond Index Fund (BIF) 23.78%; and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 56.84%.

LEOSSA Trust Fund. At June 30, 2023 the County's LEOSSA, accounted for as a Pension (and other Employee Benefit) Trust Fund, had $2,667,511 invested in the AGPIP pursuant to G.S. 159-30.1. The State Treasurers' AGPIP may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to G.S. 147-69.2(1-6) and G.S. 147-69.1. At year-end the County's Separation Allowance AGPIP was invested in: State Treasurer's STIF 14.98%, BIF 22.47%; and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 62.55%.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year-end. STIF investments are valued using Level 2 inputs that are directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity of 0.7 years at June 30, 2023.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated only based upon inflows and outflows as well as allocations of net earnings. The BIF, which is not rated, was valued at $1 per unit and had an average maturity of 8.70 years at June 30, 2023.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8) is a common trust fund considered commingled in nature, The Funds' fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2023 the fair value of the funds was $31.82 per share. Fair value for the Fund is determined using Level 1 inputs, which are directly observable, quoted prices in active markets for identical assets or liabilities.

The AGPIP Investments are measured using the market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Component Units

At June 30, 2023 the ABC Board had no investments.

At June 30, 2023 the Tourism Board's investments consisted of $8,270,863 in the NC Capital Management Trust Government Portfolio.

At June 30, 2023 the Airport's investment consisted of $6,418,257 in the NC Capital Management Trust Government Portfolio and was held by the County.

The ABC Board and the Tourism Board have no policies on interest rate, credit, custodial credit, and concentration risks. The Airport polices are the same as the County's.

D. Reconciliation of Deposits and Investments

Reconciliation of deposits and investments as shown in the basic financial statements as of June 30, 2023 is as follows:

Governmental activities:	
Cash and cash equivalents	$ 183,400,484
Cash and cash equivalents - restricted	1,016,809
Cash with fiscal agent - restricted	52,451,359
Business-Type activities:	
Cash and cash equivalents	2,676,172
Cash and cash equivalents - restricted	21,251,560
Fiduciary:	
OPEB Trust Fund - cash with fiscal agent - restricted	3,276,200
LEOSSA Trust Fund - cash with fiscal agent - restricted	2,667,511
Custodial funds - cash and cash equivalents	3,746,040
Total cash and cash equivalents, and cash with fiscal agents	$ 270,486,135

Deposits	$ 7,955,649
Cash on hand	3,891
Investments - net of component units	206,649,006
OPEB Trust Fund	3,276,200
LEOSSA Trust Fund	2,667,511
Debt proceeds held by trustee	49,933,878
Total cash and investments	$ 270,486,135

Note 4. Receivables

A. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

B. Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, forestland, working waterfronts, and certain historical structures may be taxed by the County at percent-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value or the current year and the three preceding fiscal years, along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that would have become due as of June 30, 2023 if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Fiscal Year Levied	Deferred Value	Tax	Interest	Total
2020	$ 17,684,350	$ 70,826	$ 19,477	$ 90,303
2021	$ 17,049,400	68,283	12,632	80,915
2022	$ 16,065,550	64,343	6,097	70,440
2023	$ 15,491,200	62,042	-	62,042
		$ 265,494	$ 38,206	$ 303,700

C. Receivables

Receivables at the government-wide level at June 30, 2023 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Interest	Forgivable Dredge Loan Receivable	Leases Receivable	Total
Governmental activities	$ 2,640,025	$ 14,009,667	$ 8,940,638	$385,374	$ 13,455,070	$ 62,602	$ 39,493,376
Allowance for doubtful accounts	(186,385)	(310,000)	-	-	-	-	(496,385)
Total governmental activities	$ 2,453,640	$ 13,699,667	$ 8,940,638	$385,374	$ 13,455,070	$ 62,602	$ 38,996,991
Business-type activities (Water)	$ 4,414,714	$ -	$ -	$ 97,951	$ -	$ 3,711,457	$ 8,224,122
Allowance for doubtful accounts	(231,205)	-	-	-	-	-	(231,205)
Total business-type activities (Water)	$ 4,183,509	$ -	$ -	$ 97,951	$ -	$ 3,711,457	$ 7,992,917

Due from other governments above consists of grants, other taxes, tax refunds, and amounts due from wholesale water sales. The forgivable dredge loan receivable is not expected to be collected within one year of the reporting date (Note 11.E).

In prior years, the County entered into multi-year leases for tower space as lessor. The agreements are license agreements with multiple licensees to install, maintain and operate radio communications equipment upon County owned towers at multiple sites. Licensees are required to make either monthly or annual payments with some agreements requiring payment subsequent increases.

In July 2020, the County entered into a land lease as lessor. The lessee pays $40,133 per year for the term of three and a half years.

In October 2020, the County entered into an office space lease as lessor. The lessee pays $500 per month for three years.

In March 2023, the County entered into an office lease for office space as lessor. The lessee pays the County $300 per month for one year. The agreement provides the option to renew for two additional one-year periods.

None of the agreements contained a stated rate. Accordingly, the County's estimated incremental borrowing rate of 1.778% was used to discount the minimum lease payments.

During the year ended June 30, 2023, the County recognized $659,732 of lease revenue and $74,473 of interest revenue.

Note 5. Capital Assets

A. Capital Asset Activities

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets, not being depreciated:				
Land and easements	$ 28,342,606	$ -	$ -	$ 28,342,606
Construction in progress	13,372,278	35,124,216	(37,801,927)	10,694,567
Total capital assets, not being depreciated	41,714,884	35,124,216	(37,801,927)	39,037,173
Capital assets, being depreciated:				
Buildings[1]	127,352,174	-	(73,500)	127,278,674
Improvements other than buildings	69,585,733	36,993,791	-	106,579,524
Equipment	22,957,086	3,525,388	(107,838)	26,374,636
Machinery	33,692,308	3,360,507	(4,045,490)	33,007,325
Total capital assets, being depreciated	253,587,301	43,879,686	(4,226,828)	293,240,159
Less accumulated depreciation for:				
Buildings	(30,264,305)	(2,594,265)	-	(32,858,570)
Improvements other than buildings	(43,058,459)	(11,302,486)	-	(54,360,945)
Equipment	(20,676,536)	(1,155,817)	107,838	(21,724,515)
Machinery	(21,520,879)	(2,958,685)	4,008,733	(20,470,831)
Total accumulated depreciation	(115,520,179)	(18,011,253)	4,116,571	(129,414,861)
Total capital assets, being depreciated, net	138,067,122	25,868,433	(110,257)	163,825,298
Governmental activities capital assets, net	$ 179,782,006	$ 60,992,649	$ (37,912,184)	$ 202,862,471
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 4,573,941	$ -	$ -	$ 4,573,941
Construction in progress	11,756,162	3,534,168	(8,644,495)	6,645,835
Total capital assets, not being depreciated	16,330,103	3,534,168	(8,644,495)	11,219,776
Capital assets, being depreciated:				
Buildings	57,061,712	4,320,982	-	61,382,694
Improvements other than buildings	52,593,832	4,635,998	-	57,229,830
Equipment	5,768,118	875,626	(10,654)	6,633,090
Machinery	1,493,207	322,342	(226,574)	1,588,975
Total capital assets, being depreciated	116,916,869	10,154,948	(237,228)	126,834,589
Less accumulated depreciation for:				
Buildings	(31,891,572)	(1,353,377)	-	(33,244,949)
Improvements other than buildings	(28,169,783)	(2,083,352)	-	(30,253,135)
Equipment	(5,019,969)	(225,681)	10,654	(5,234,996)
Machinery	(1,121,655)	(149,957)	226,574	(1,045,038)
Total accumulated depreciation	(66,202,979)	(3,812,367)	237,228	(69,778,118)
Total capital assets, being depreciated, net	50,713,890	6,342,581	-	57,056,471
Business-type activities capital assets, net	$ 67,043,993	$ 9,876,749	$ (8,644,495)	$ 68,276,247

[1] The decrease to buildings is for a reclassification of a prior year amount to improvements other than buildings.

The governmental activities section of the preceding schedule includes $232,814 of net capital assets of Internal Service Funds consisting of $1,864,058 of capital assets, and $1,631,244 of accumulated depreciation.

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

Governmental activities:	
General government	$ 913,514
Public safety	3,011,714
Economical and physical development	10,732,086
Human services	466,026
Culture and recreation	482,546
Education	511,070
Environmental protection	1,451,552
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	75,389
Total depreciation expense - governmental activities	$ 17,643,897
Business-type activities:	
Water	$ 3,812,367

B. Capital Asset Activity - Right to Use Assets

The County has recorded five right to use leased assets for computer, office, and other equipment with various terms using the County's incremental borrowing rate at execution, varying from 1.778% to 1.997% (Notes 1.M, 14.A, and 14.D).

For the year ended June 30, 2023, the County implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (IT Subscriptions)(Note 1.M). All subscriptions were in effect at the end of the prior fiscal year. The subscriptions do not contain a stated interest rate and the County's estimated incremental borrowing rate of 1.997% was used to discount the subscription payments. Terms for the four subscriptions are thirty-six months, forty-eight months, three years, and seven years. The liability balance for subscriptions at June 30, 2023 was $187,782 (Notes 14.A and 14.D).

Right to use asset activity for the Primary Governmental Activities for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being amortized:				
Right to use assets:				
Leased equipment	$ 83,604	$ 9,998	$ -	$ 93,602
IT subscriptions	572,503	-	-	$ 572,503
Total capital assets being amortized	656,107	9,998	-	666,105
Less accumulated amortization for:				
Leased equipment	(59,537)	(22,755)	-	(82,292)
IT subscriptions	(195,873)	(195,874)	-	(391,747)
Total accumulated amortization	(255,410)	(218,629)	-	(474,039)
Total capital assets being amortized, net	$ 400,697	$ (208,631)	$ -	$ 192,066

C. Construction Commitments

The County has active construction and equipment projects as of June 30, 2023 as follows:

Project		Spent-to-Date		Remaining Commitment
Construction & Demolition Landfill Cell #5	$	317,656	$	31,900
EMS Equipment	$	362,555	$	2,644
Animal Shelter	$	6,596,988	$	-
Beach Nourishment - Avon 2022	$	11,037,218	$	693,744
Beach Nourishment - Buxton 2022	$	16,768,112	$	1,338,563
Beach Nourishment – Duck 2022 - 2023	$	7,150,980	$	-
Beach Nourishment – Southern Shores 2022	$	11,355,835	$	-
Beach Nourishment – Kitty Hawk 2022	$	8,649,357	$	-
Beach Nourishment – Kill Devil Hills 2022	$	6,136,146	$	-
Detention Center Sewer	$	-	$	276,000
Detention Center Camera System	$	247,013	$	2,987
Building Security Upgrades	$	-	$	150,000
HVAC Replacements	$	119,476	$	21,024
Manteo Youth Center	$	918,555	$	49,145
Justice Center Improvements	$	316,441	$	7,327
Pickelball Courts	$	-	$	500,000
EMS Facilities Phase 2	$	553,758	$	438,470
EMS Facilities Phase 3	$	333,170	$	-
Dare MedFlight Facility	$	2,626,934	$	6,934,155
EMS Southern Shores	$	2,397,168	$	6,356,156
EMS/Fire Kill Devil Hills	$	4,305,662	$	20,346,869
2022 CIP Projects	$	794,206	$	261,550
2023 CIP Projects	$	1,256,716	$	619,155
2023 Public Works Equipment	$	1,957,669	$	58,883
Dare County Schools Capital Improvements Program	$	3,155,980	$	2,481,315
College of the Albemarle Expansion	$	17,439,116	$	519,927
Water - Colington Road Betterments	$	-	$	310,000
Water - Hatteras Reverse Osmosis Membranes	$	146,814	$	53,186
2022 Water CIP Projects	$	2,905,144	$	83,690
2023 Water CIP Projects	$	2,990,544	$	162,056

D. Discretely Presented Component Units

	Beginning Balances	Increases	Decreases	Ending Balances
Airport				
Capital assets not being depreciated:	$ 9,075,632	$ 304,226	$ -	$ 9,379,858
Capital assets being depreciated:	16,360,620	39,922	(19,120)	16,381,422
Less accumulated depreciation	12,957,280	318,765	(19,120)	13,256,925
Capital assets, net	$ 12,478,972	$ 25,383	$ -	$ 12,504,355
ABC Board				
Capital assets not being depreciated:	$ 730,887	$ 179,155	$ -	$ 910,042
Capital assets being depreciated:	5,757,630	102,508	-	5,860,138
Less accumulated depreciation	2,476,567	184,646	-	2,661,213
Capital assets, net	$ 4,011,950	$ 97,017	$ -	$ 4,108,967
Tourism Board				
Governmental Activities:				
Capital assets not being depreciated:	$ 12,261,689	$ -	$ -	$ 12,261,689
Capital assets being depreciated:	9,224,626	58,142	(109,576)	9,173,192
Less accumulated depreciation	3,053,419	399,318	(34,733)	3,418,004
Capital assets, net	$ 18,432,896	$ (341,176)	$ (74,843)	$ 18,016,877
Business-type Activities:				
Capital assets not being depreciated:	$ 649,422	$ -	$ -	$ 649,422
Capital assets being depreciated:	366,585	-	-	366,585
Less accumulated depreciation	43,341	13,336	-	56,677
Capital assets, net	$ 972,666	$ (13,336)	$ -	$ 959,330

Note 6. Payables and Current Liabilities

Payables at the government-wide level at June 30, 2023, were as follows:

	Vendors	Retainage	Claims Incurred But Not Reported	Rebatable Arbitrage	Total
Governmental activities	$ 6,678,066	$ 1,273,384	$ 1,837,763	$ 211,347	$ 10,000,560
Business-type activities (Water)	$ 484,144	$ -	$ -	$ -	$ 484,144

ABC Board

Payables and current liabilities for the ABC Board at June 30, 2023, were as follows:

	Vendors	Taxes	Distributions	Accrued Liabilities	Lease Liabilities	Total
ABC Board	$ 718,723	$ 884,032	$ 1,332,431	$ 19,685	$ 40,968	$ 2,995,839

Note 7. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description

The County 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 law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or 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 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 the 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 G.S. 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year end June 30, 2023, was 13.10% of compensation for law enforcement officers and 12.10% for general employees, 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 County were $5,411,536 for the year ended June 30, 2023.

Refunds of Contributions

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

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

At June 30, 2023, the County reported a liability of $31,179,931 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the County's proportion was .55269%, which was a decrease of .04257% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of $9,000,888. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,343,515	$ 131,724
Changes of assumptions	3,111,058	-
Net difference between projected and actual earnings on pension plan investments	10,305,294	-
Changes in proportion and differences between County contributions and proportionate share of contributions	507,660	219,660
County contributions subsequent to the measurement date	5,411,536	-
Totals	$ 20,679,063	$ 351,384

The $5,411,536 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year to end June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2024	$ 4,730,626
2025	$ 3,976,582
2026	$ 1,299,300
2027	$ 4,909,635
2028	$ -

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	2.50 to 7.50 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including

The plan currently uses mortality rates based on the *RP-2010 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy) using generational improvement with Scale MP-2019. The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study as of 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement System, 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 0f 3.05%. 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 County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50 percent) and 1 percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	$ 56,275,760	$ 31,179,931	$ 10,499,511

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

B. Local Government Employee's Retirement System - Component Units

The Airport, the ABC Board, and the Tourism Board are participating employers in the LGERS. The plan description, benefits provided, contribution requirements, refund of contributions, actuarial assumptions, discount rate, and pension plan fiduciary net position are the same as those described for the County (Note 6.A).

	Airport	ABC Board	Tourism Board
Contractually required contribution rate	12.10%	12.17%	12.13%
Contributons to the pension plan	$ 59,083	$ 136,843	$ 112,912
Net pension liability	$ 340,420	$ 854,676	$ 578,811
Proportionate share of net pension liability	0.00604%	0.01515%	0.01026%
Increase/(decrease) of above from prior year	0.00047%	-0.00144%	0.00035%
Pension expense	$ 98,271	$ 241,854	$ 150,840
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 14,668	$ 36,827	$ 29,940
Changes of assumptions	33,966	85,278	57,752
Net difference projected and actual earnings on pension plan investments	112,512	282,479	191,303
Changes in proportion and differences between contributions and proportionate share of contributions	5,543	17,485	3,549
Contributions subsequest to the measurement date	59,083	136,558	112,912
Totals	$ 225,772	$ 558,627	$ 395,456
Deferred Intflows of Resources			
Differences between expected and actual experience	$ 1,438	$ 3,611	$ 2,445
Changes of assumptions	-	-	-
Net difference projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,398	19,404	21,489
Totals	$ 3,836	$ 23,015	$ 23,934

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a decrease of the net pension leability in the year to end June 30, 2024.

Other deferred amounts will be recognized in pension expense as follows:

	Airport	ABC Board	Tourism Board
2024	$ 51,649	$ 122,298	$ 73,381
2025	$ 43,416	$ 105,042	$ 66,372
2026	$ 14,186	$ 37,136	$ 22,718
2027	$ 53,602	$ 134,578	$ 91,140
2028	$ -	$ -	$ -
Sensitivity of proportionate share of net pension liability (asset) to changes in the discount rate:			
1% decrease to 5.50%	$ 614,414	$ 1,542,581	$ 1,044,678
Discount rate of 6.50%	$ 340,420	$ 854,676	$ 578,811
1% increase to 7.50%	$ (114,633)	$ 287,803	$ 194,908

C. Law Enforcement Officers' Special Separation Allowance

General Information about the Pension Plan

Plan Description

The county is required by State law to administer a public employee retirement system (*the LEOSSA*), a single-employee defined benefit pension plan to provide special separation benefits to certain County sworn law enforcement officials.

The County administers the LEOSSA through an irrevocable trust agreement dated October 4, 2021. A board resolution of that same date appointed the County Manager, the Finance Director, and the Human Resources Director as trustees and granted the trustees the authority necessary to perform all duties and obligations related to the trust. Management of the LEOSSA is vested in the trust trustees. The County does not issue separate LEOSSA financial statements, and all required statements and disclosures are included within this report with the LEOSSA irrevocable trust accounted for as a Pension Trust Fund. Benefit payments are accounted for in a legally budgeted LEOSSA Activity Fund which is consolidated into the General Fund.

Benefits Provided

The LEOSSA provides benefits to the County'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 LEOSSA is equal to 0.85 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 County sworn law enforcement officers are covered by the LEOSSA.

Employees Covered by Benefit Terms. At December 31, 2022, the LEOSSA's membership consisted of:

Retirees receiving benefits	12
Active plan members	68
Total	80

Contributions. Past County Boards chose to fund the amounts necessary to cover benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The County Board established the irrevocable trust in October 2021 and contributed $2,100,000 in March 2022 and $545,130 in June 2022 into the irrevocable trust and appropriated $100,000 for pay as you go benefit payments in the fiscal year 2023 operating budget LEOSSA Activity Fund (Note 1.B).

Net Pension Liability /(Asset)

The County's net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022.

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	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	5.50 percent, net of pension plan investment expense, including inflation

Mortality rates are according to the Pub-2010 amount-weighted Safety Mortality Table for Retirees, projected from 2010 using generational improvement with Scale MP-2019. Rates for all members are multiplied by 97% and set forward by 1 year.

The long-term expected rate of return on pension plan investments was assumed to be 5.50%. The County Board established and may amend the Separation Allowances' policy for allocation of invested assets. That policy seeks to reduce risk through diversification of the portfolio across asset classes. Cash equivalents except for liquidity proposes, are not used and asset allocations are maintained over long-term time spans as managed by the trustees. Investments are valued fair value (Note1.E) (Note 3.C).

Long-term expected rates of return are not provided by the AGPIP. See the following actuarial assumptions. The following was the target asset allocation policy and the actual asset allocation for each AGPIP investment as of December 31, 2022:

	Target Allocation	Actual Allocation
Equity Index Fund	60%	59.85%
Bond Index Fund	25%	24.04%
STIF Fund	15%	16.11%

Changes of Assumptions. There were no changes of assumptions.

Changes in the Net Pension Liability / (Asset)

	Total Pension Liability (a)	Plan Net Postion (b)	Net Pension Liability / (Asset) (a)-(b)
Balances as of December 31, 2021	$ 2,225,316	$ -	2,225,316
Changes for the year:			
Service cost	93,988	-	93,988
Interest	117,383	-	117,383
Difference between expected and actual experience	581,701	-	581,701
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	(2,827,293)	(2,827,293)
Net investment income (loss)	-	201,315	201,315
Benefit paid	(182,163)	182,163	-
Other Charges	-	-	-
Balances as of December 31, 2022	$ 2,836,225	$ (2,443,815)	$ 392,410

The LEOSSA fiduciary net position as a percentage of the total pension liability was 86.16% as of December 31, 2022.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended December 31, 2022 the County recognized pension expense of $287,083 and reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 501,042	$ 168,310
Changes of assumptions and other inputs	350,223	457,643
Net difference between projected and actual earnings on plan investments	219,245	-
County contributions and benefit payments made subsuquent to the measurement date	96,320	-
	$ 1,166,830	$ 625,953

$96,320 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year to end June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		
2024	$	153,449
2025	$	120,991
2026	$	35,545
2027	$	100,611
2028	$	33,961

Sensitivity of the net pension liability /(asset) to changes in the discount rate

The following presents the net pension liability (asset) of the County calculated using the discount rate of 5.50 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50 percent) or 1-percentage-point higher (6.50 percent) than the current rate:

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
County's proportionate share of the net pension liability (asset)	$ 617,917	$ 392,410	$ 187,512

D. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The County and the ABC Board are required by the State to contribute 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 County and the ABC Board. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan is included in the State of North Carolina ACFR which may be obtained at www.osc.nc.gov/public-information.

Funding policy

Article 12E of G.S. Chapter 143 requires the County and the ABC Board to contribute each month an amount equal to 5% of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

For the County, contributions for the year ended June 30, 2023 were $280,179, which consisted of $216,774 from the County and $63,405 from law enforcement officers.

E. Supplemental Retirement Income Plan for Employees Other Than Law Enforcement Officers

The County has a supplemental plan for all county employees other than law enforcement officers. The County has no requirement or obligation under State statutes to contribute to the plan; however, the County has adopted the Supplemental Retirement Plan of North Carolina 401(k) (Note 7.D) for its non-law enforcement employees and employees may make voluntary contributions to the plan. As of July 1, 2023, the County contributes 3% of salary to the plan. Contributions for the year ended June 30, 2023 were $2,004,065, which consisted of $1,203,078 from the County and $800,987 from employees.

F. Register of Deeds' Supplemental Pension Fund

Plan Description

The County contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, state-wide cost-sharing multiple-employer defined benefit plan administered by the State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the LGERS or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 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 serve as ex-officio members. The RODSPF is included in the ACFR for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the RODSPF. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or at www.osc.nc.gov.

Benefits Provided

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County under G.S. 161. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contributions provisions are established by G.S. 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $6,548 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of $114,118 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2022, the County's proportion was .86192% which was a decrease of .09253% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense of $17,233. At June 30, 2023, the County reported deferred outflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 879	$ 2,069
Changes of assumptions	6,042	-
Net difference between projected and actual earnings on pension plan investments	47,431	-
Changes in proportion and differences between County contributions and proportionate share of contributions	12,662	12,637
County contributions subsequent to the measurement date	6,548	-
Totals	$ 73,562	$ 14,706

The $6,548 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year to end June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2024	$ 7,752
2025	$ 16,838
2026	$ 15,790
2027	$ 11,928
2028	$ -

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 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). All mortality rates are projected from 2010 using generational improvement with Scale MP-2019. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2014. 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. 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 adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2023 is 3.02%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2023 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Changes in assumptions since the prior valuation consist only of using an experience study prepared as of December 31, 2019, adopted by the Board of Trustees on January 28, 2021.

Discount rate

The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. 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 County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	$ (131,538)	$ (114,118)	$ (194,225)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

G. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The net pension liabilities for LGERS and RODSPF were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of December 31, 2021. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. The net pension liability for LEOSSA was measured as of December 31, 2022 with an actuarial valuation date of December 31, 2022.

Following is information related to proportionate shares, pension liabilities and pension expense as of June 30, 2023 and for the year ended that same date:

	LGERS	LEOSSA	RODSPF	Totals
Proportionate share of net pension liability (asset)	$ 31,179,931	n/a	$ (114,118)	$ 31,065,813
Proportion of the net pension liability (asset)	0.55269%	n/a	0.86192%	n/a
Net pension liability (asset)	n/a	$ 392,410	n/a	$ 392,410
Pension expense	$ 9,000,888	$ 287,083	$ 17,233	$ 9,305,204

At June 30, 2023 the County reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	LGERS	LEOSSA	RODSPF	Totals
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 1,343,515	$ 501,042	$ 879	$ 1,845,436
Changes of assumptions	3,111,058	350,223	6,042	3,467,323
Net difference between projected and actual earnings on pension plan investments	10,305,294	219,245	47,431	10,571,970
Changes in proportion and differences between County contributions and proportionate share of contributions	507,660	-	12,662	520,322
County contributions subsequent to the measurement date	5,411,536	96,320	6,548	5,514,404
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 131,724	$ 168,310	$ 2,069	$ 302,103
Changes of assumptions	-	457,643	-	457,643
Changes in proportion and differences between County contributions and proportionate share of contributions	219,660	-	12,637	232,297

Note 8. Other Post-Employment Benefits – Health Benefits

A. The County

General Information about the OPEB Plan

Plan Description. Under prior County Board resolutions and those of September 8, 2008, June 20, 2011 and May 17, 2023 the County elected to provide post-employment healthcare benefits plan through the Post-employment Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit plan that covers employees retired under the LGERS. The County administers the HCB Plan through an irrevocable trust agreement dated October 4, 2021. A Board resolution of the same date appointed the County Manager, the Finance Director, and the Human Resources Director as trustees and granted the trustees the authority necessary to perform all duties and obligations related to the trust. Management of the HCB Plan is vested in the trust trustees. The County does not issue separate HCB Plan financial statements, and all required statements and disclosures are included within this report with the HCB Plan and irrevocable trust accounted for as a Pension Trust Fund. The significant accounting policies of the HCB Plan are disclosed in Note1.Q.

Benefits provided. The HCB Plan provides healthcare benefits for eligible retirees. Eligible retirees less than 65 years of age and who are not Medicare eligible, receive benefits under the County's healthcare plan. Once eligible retirees become Medicare eligible, generally at age 65, the County provides benefits through Medicare Supplemental and Medicare Part D policies. The County Board may amend benefit provisions of the entire healthcare plan.

Employees Covered by Benefit Terms. At June 30, 2023, the HCB Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	477
Inactive plan members entitled to but not yet receiving benefit payments	-
Active employees	612
	1,089

Contributions. The County Board established the contribution requirements of plan members hired as of certain dates and may amend those requirements for newly hired employees as of the current or a future date.

Past County Boards elected to partially pay the future cost of coverage for the benefits dependent upon the plan member's length of service with the County. Plan members (and spouses) hired before July 1, 1999 are not required to make contributions. For all employees hired on or after July 1, 1999 but before June 19, 2007, plan members pay nothing for employee only coverage, and 15% of the estimated premium cost for employee/child or family coverage. For all employees hired on or after June 19, 2007, but before May 17, 2023, the County provides, for pre-65 plan members, employee only coverage at 90% of the cost for plan members with 20 years of employment with the County, at 95% of the cost for plan members with 25 years of employment with the county, and at 100% of the cost for plan members with 30 years of employment with the County. For all employees hired on or after May 18, 2023 the County provides the same coverage and cost share only for plan members with 30 years of employment with the County. For all employees hired on or after May 17, 2023 the County provides, for pre-65 plan members, employee only coverage at 100% of the cost for plan members with 30 years of employment with the County. For eligible post-65 plan members, the County provides employee only coverage through a Medicare Supplemental policy and a Medicare Part D policy at the same percentage rates above. Surviving spouses pay 15% of the employee only estimated premium. Disabled plan members hired on or after June 19, 2007, but before May 17, 2023, who have less than 20 years of service upon disablement pay the same contribution as a plan member with 20 years of service. Disabled plan members hired on or after May 17, 2023 who have less than 30 years of service do not qualify for the benefit.

The County contributes based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually during the budget process, currently 0.175% of salaries subject to the LGERS. There are no contractual terms requiring a specific funding level. The County has historically funded more than the amount needed under the pay-as-you-go funding mechanism. For the current year, the County contributed $4,102,489 of pay-as-you-go funding and an additional $68,815 for a total of $4,171,304.

Investments. The County Board established and may amend the HCB Plan's policy for allocation of invested assets. That policy seeks to reduce risk through diversification of the portfolio across asset classes. Cash equivalents, except for liquidity purposes, are not used and assets allocations are maintained over long-term time spans as managed by the trustees. Investments are valued at fair value (Note 1.E) (Note 3.C).

Long-term expected rates of return are not provided by the AGPIP. See the following Actuarial Assumptions. The following was the target asset allocation policy and the actual asset allocation for each AGPIP investment as of June 30, 2023:

	Target Allocation	Actual Allocation
Equity Index Fund	55%	56.84%
Bond Index Fund	25%	23.78%
STIF Fund	20%	19.38%

Net OPEB Liability

The County's annual net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OEPB liability was determined by an actuarial valuation of January 1, 2022.

Actuarial assumptions. The total OPEB liability in the January 1, 2022 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 %
Salary inflation	0.00 %
Investment rate of return	7.00 %, net of HCB Plan investment expense
Healthcare cost trend rates	7.50% for 2021 to an ultimate rate of 4.50% for 2041 and later years

Mortality rates were based on the Pub-2010 General Mortality Table projected generationally with Scale MP-2021

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study as of December 31, 2019, and adopted on January 28, 2021.

Long-term Expected Rate of Return. An expected real rate of return was not proved for the asset profile. The average annual rate of return for the portfolio from inception through June 30, 2023 is 7.88%. The money-weighted rate of return for the year ended June 30, 2023 was (8.98) %. The actual return was adjusted to 7.0% based upon the county's expectation of a long-term rate of return using portfolio performance adjusted by an inflation assumption per a LGERS survey.

Discount rate. The discount rate used to measure the total OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that contributions from the County will continue at the same level and therefore, the HCB plan's assets are expected to be exhausted for future years. The long-term expected rate of return of 7.00% was used to discount funded projected benefit payments and the municipal bond rate of 3.86% was used to discount unfunded projected benefit payments to determine the total OPEB liability. The single effective discount rate used for the accounting valuation was 3.86%.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Postion (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2022	$ 124,618,217	$ 2,937,502	$ 121,680,715
Changes for the year:			
Service cost	2,943,750	-	2,943,750
Interest	4,631,343	-	4,631,343
Difference between expected and actual experience	-	-	-
Contributions - employer and employees	-	4,171,304	(4,171,304)
Net investment income	-	269,883	(269,883)
Benefit payments	(4,102,489)	(4,102,489)	-
Changes in assumptions	(1,818,898)	-	(1,818,898)
Balances as of June 30, 2023	$ 126,271,923	$ 3,276,200	$ 122,995,723

The HCB Plan's fiduciary net position as a percentage of the total OPEB liability was 2.59% as of June 30, 2023.

Changes of Assumptions

Since the last valuation the following assumptions were changed: the discount rate was updated from 3.69% to 3.86%.

Sensitivity of the net OPEB liability to changes in the discount rate and Healthcare Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.86%) or 1 percentage-point higher (4.86%) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB liability (asset)	$ 144,896,779	$ 122,995,723	$ 105,702,086

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	$ 103,792,544	$ 122,995,723	$ 147,459,842

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

For the year ended June 30, 2023 the County recognized a negative OPEB expense of $1,982,973. At June 30, 2023, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,778,425
Changes of assumptions	5,020,225	20,305,935
Net differences between projected and acutal earnings on OPEB investments	126,635	-
	$ 5,146,860	$ 31,084,360

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

Year ended June 30	
2024	$ (10,675,099)
2025	$ (14,871,991)
2026	$ (378,041)
2027	$ (12,369)
2028	$ -

B. The Airport

General Information about the Plan

Plan Description. According to an Airport resolution, the Airport provides post-retirement health care benefits to retirees of the Airport. The Airport has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The Airport provides benefits to retirees who participate in the LGERS, have at least five years of creditable service with the Airport and were hired prior to June 19, 2007. For all employees hired on or after June 19, 2008, but prior to May 17, 2023, the Airport provides benefits to retirees who participate in the System and have 20 years of creditable service. For all employees hired on or after May 17, 2023, the Airport provides benefits to retirees who participate in the System and have 30 years of creditable service.

Employees Covered by the Benefit Terms. At June 30, 2023, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive plan members entitled to but not yet receiving benefit payments	-
Active employees	6
	13

Contributions. The Airport contributes on a pay-as-you-go basis, contributing $61,910 for the current year.

Total OPEB Liability

The Airport's total OPEB liability of $2,358,924 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.00 percent, average, including inflation
Discount rate	3.86 percent
Healthcare cost trend:	
Pre-Medicare	6.50 percent

The discount rate was based on the S&P 20 Year High Grade rate as of the measurement date.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at June 30, 2022	$	2,313,349
Service cost		50,987
Interest		86,102
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions or other inputs		(29,904)
Benefit payments		(61,610)
Net change		45,575
Balance at June 30, 2023	$	2,358,924

Changes in Assumptions

Changes in assumptions and other inputs reflect a change in the discount rate from 3.69% to 3.86%.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study as of December 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rates

The following presents the total OPEB liability, as well as what the Airport's total OPEB liability would be if it were calculated using a discount rate that as 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current discount rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	$ 2,732,979	$ 2,358,924	$ 2,057,797

The following presents the total OPEB liability of the Airport, as well as what the Airport's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB liability	$ 2,019,448	$ 2,358,924	$ 2,785,545

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

For the year ended June 30, 2023, the Airport recognized OPEB expense of $32,761. At June 30, 2023, the Airport reported deferred outflows of resources and deferred inflows or resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 176,131
Changes of assumptions	286,119	392,009
Benefit payments made subsequent to the measurement date	-	-
	$ 286,119	$ 568,140

Any amount reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year to end June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2024	$ (74,168)
2025	$ (74,168)
2026	$ (74,168)
2027	$ (74,161)
2028	$ 14,644

C. The ABC Board

General Information about the Plan

Plan Description. According to an ABC Board resolution, the Board provides post-retirement health care benefits to retirees of the Board. The Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statements 75.

Benefits Provided. The Board provides benefits to retirees who participate in the LGERS, have at least five years of creditable service with the Board and were hired prior to April 18, 2001. For all employees hired on or after April 18, 2001, the Board provides benefits to retirees who participate in the System and have 20 years of creditable service. When a retiree becomes eligible for Medicare, the Board pays the full premium cost of supplementary health care policy if the retiree was hired prior to September 1, 2012. Employees hired after September 1, 2012, are not eligible for Medicare supplements.

Employees Covered by the Benefit Terms. At June 30, 2023 plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive plan members entitled to but not yet receiving benefit payments	-
Active employees	8
	14

Contributions. The Board contributes on a pay-as-you-go basis, contributing $27,020 for the current year.

Total OPEB Liability

The Board's total OPEB liability of $1,641,240 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25-8.41 percent, average, including inflation
Discount rate, prior to measurement date	2.16 percent
Discount rate, at measurement date	3.54 percent
Healthcare cost trend:	
Pre-Medicare	7.00 percent for 2022 decreasing to an ultimate rate of 4.50 percent by 2031
Medicare	5.125 percent for 2022 decreasing to an ultimate rate of 4.50 percent by 2024

The discount rate was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	$ 2,001,733
Service cost	44,797
Interest	43,915
Changes of benefit terms	-
Differences between expected and actual experience	(2,346)
Changes in assumptions or other inputs	(419,839)
Benefit payments	(27,020)
Net change	(360,493)
Balance at June 30, 2023	$ 1,641,240

Changes in Assumptions

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

Mortality rates were based on the RP-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate and Healthcare Trend Rates.

The following presents the total OPEB liability, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point-higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 1,931,228	$ 1,641,240	$ 1,411,006

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB liability	$ 1,382,752	$ 1,641,240	$ 1,971,747

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

For the year ended June 30, 2023, the Board recognized negative OPEB expense of $17,124. At June 30, 2023 the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,800	$ 137,595
Changes of assumptions	249,644	380,707
Benefit payments made subsequent to the measurement date	24,540	-
	$ 277,984	$ 518,302

$24,540 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year to end June 30, 2024.

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

Year ended June 30	
2024	$ (105,836)
2025	$ (86,192)
2026	$ (56,953)
2027	$ (15,877)
2028	$ -
Thereafter	$ -

D. The Tourism Board

General Information about the Plan

Plan Description. According to a Tourism Board resolution, the Board provides post-retirement health care benefits to retirees of the Board. The Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The Board provides benefits to retirees who participate in the LGERS, have at least five years of creditable service with the Board and were hired prior to June 30, 2008. For all employees hired on or after June 30, 2008, the Board provides benefits to retirees who participate in the System and have 20 years of creditable service. When a retiree becomes eligible for Medicare, the Board pays up to $400 per month for the cost of supplementary health care policy if the retiree was hired prior to July 1, 2016. Employees hired after July 1, 2016, are not eligible for Medicare supplements.

Employees Covered by the Benefit Terms. At June 30, 2023, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive plan members entitled to but not yet receiving benefit payments	-
Active employees	9
	14

Contributions. The Board contributes on a pay-as-you-go basis, contributing $20,868 for the current year.

Total OPEB Liability

The Board's total OPEB liability of $790,831 was measured as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5-8.41 percent, average, including inflation
Discount rate, prior to measurement date	2.16 percent
Discount rate, at measurement date	3.54 percent
Healthcare cost trend:	
Pre-Medicare	7.50 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031
Medicare	5.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2024

The discount rate was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at June 30, 2022	$	890,718
Service cost		33,316
Interest		19,735
Changes of benefit terms		-
Differences between expected and actual experience		(2,348)
Changes in assumptions or other inputs		(129,722)
Benefit payments		(20,868)
Balance at June 30, 2023	$	790,831

Changes in Assumptions

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rates.

The following presents the total OPEB liability, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-pecentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 881,980	$ 790,831	$ 712,445

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB liability	$ 748,794	$ 790,831	$ 838,207

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

For the year ended June 30, 2023, the Board recognized OPEB expense of $45,010. At June 30, 2023, the Board reported deferred outflows of resources and deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,978	$ 10,629
Changes of assumptions	73,581	128,150
Benefit payments made subsequent to the measurement date	23,475	-
	$ 108,034	$ 138,779

$23,475 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year to end June 30, 2024.

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

Year ended June 30	
2024	$ (9,440)
2025	$ (2,919)
2026	$ (4,349)
2027	$ (17,747)
2028	$ (19,765)
Thereafter	$ -

Note 9. Other Employment Benefits

A. Death Benefits

The County, the Airport, the ABC, and the Tourism Board have elected to provide death benefits through the Death Benefit Plan for members of the LGERS, 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 LGERS, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the LGERS 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 of salary in a row during the 24 months prior to his or her death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. All death benefit payments are made from the Death Benefit Plan. The County, the Airport, the ABC, and the Tourism Board have no liability beyond the payment of monthly contributions.

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 for law enforcement officers. The County considers theses contributions to be immaterial.

B. Deferred Compensation Plan

The County and the Airport offer employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all County and Airport employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County and the Airport have complied with changes in laws which govern the deferred compensation plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. The balance held in trust for County and Airport participants as of June 30, 2023 was $846,055.

Note 10. Closure and Post Closure Care Costs – Landfill Facilities

The County closed its East Lake landfill facility (facility) on October 8, 1993, at which time its waste stream went to a private, regional municipal solid waste landfill through the Albemarle Regional Solid Waste Authority. As the facility was operating on October 9, 1991, the County was required to meet closure requirements contained in the US Environmental Protection Agency (EPA) rule "Solid Waste Disposal Facility Criteria" (EPA rule). As the facility stopped accepting waste prior to October 9, 1993, the County was not required to meet thirty-year post closure and financial assurance requirements established by the EPA rule. A wastewater treatment plant was required at the facility since its first acceptance of solid waste. The County completed modifications to the wastewater treatment plant and the installation of a leachate collection system to feed the treatment plant. The improvements were made pursuant to a consent order entered into by the County and the State while the landfill was operating. As part of the closure process, the County made application to be allowed to discontinue operation of the wastewater treatment plant. That application was approved with the State's approval of the County's Site Assessment Work Plan. The plant remained out of operation during a monitoring period of five years. Based upon results of the monitoring, the County has been allowed by the State to mothball the wastewater treatment plant while groundwater monitoring continues to be required.

The County operates a construction and demolition waste landfill facility (Facility). The Facility is not subject to the EPA Rule but all construction and demolition landfill facilities in the State that were operating as 1/1/2007 were retroactively made subject to financial assurance requirements by the General Assembly (Financial Assurance Requirements for Construction and Demolition Landfill Facilities and Units – 15A NCAC 13B.0546). This rule also now requires the County to place a final cover on the Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County must recognize a portion of the closure and post-closure care costs as an expense each fiscal year based on Facility capacity used as of each fiscal year end. The $6,860,567 reported as Facility closure and post-closure care liability as of June 30, 2023 represents a cumulative amount reported to date based upon the use of 51.30% of the estimated capacity of cells #1 through #4 and phases #5 through #7. The County will recognize the remaining estimated cost of closure and post closure care of $6,514,117 as the remaining capacity is filled, estimated to end between 2066 and 2085. Amounts are based on costs in current dollars and are calculated as required by the State and were reassessed and recalculated by the County's consulting engineer during 2023. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations. Actual costs are expected to be lower as the County plans to self-perform a significant portion of the work.

The County has met the requirements of a local government financial test that is one option under State law (15A NCAC 13B.0546) that determines if a unit is financially able to meet closure and post closure care requirements. Due to the retroactive application by the State of financial assurance requirements upon the Facility, the County did not establish a reserve to accumulate resources for the payment of closure and post closure care cost but is now building fund balance in the C&D Landfill (Special Revenue) Fund. The balance at June 30, 2023 was $2,535,134. The County has on deposit $100,086 in an interest-bearing account, assigned to the NC State Department of Environmental Quality, per that department's requirements.

Note 11. Commitments and Contingencies

A. Commitments

The County and the Airport have elected to pay direct costs of unemployment benefits in lieu of employment security taxes on salaries. Any resulting payments are recognized as expense in the year following the discharge of any employees that file for benefit payments.

As of June 30, 2023, the County has the following grant funded or other projects that are not capitalized as fixed assets as the County is the sponsoring agency for the ultimate grant recipient:

Project	Spent-to-Date	Remaining Commitment
Watershed Restoration	$ 12,753	$ 19,947
Frisco - Buxton Pathway	$ -	$ 2,483,800
Soundside Board Walk Improvements	$ -	$ 4,674,450
OuterBanks Scenic Byway	$ 210,802	$ 77,885

B. Contingent Liabilities

At June 30, 2023, the County was a defendant to various lawsuits and claims. It is the opinion of management and the county attorney that the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

C. Federal and State Assisted Programs

The County and the Airport have received proceeds from several 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 of the County and of the Airport believes that any required refunds would be immaterial or covered by insurance. No provision has been made in the accompanying financial statements for the refund of grant moneys.

D. Outstanding Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbered amounts at June 30, 2023 were $3,569,561 in the consolidated General Fund, $579,545 in the Beach Nourishment Fund, $97,094 in the Water Fund, and $1,677,312 in Special Revenue Funds. Outstanding encumbrances in the Governmental Funds are shown within the Stabilization by State Statute amounts of fund balance (Note 16).

E. Dredge Loan Forgiveness

Senate Bill 99, Section 13.7, of the 2017 session of the State General Assembly included an appropriation of $15,000,000 for a public private partnership for inlet dredging operations within the County. The State funds were required to be used by the County to provide a forgivable loan to a private partner to design, permit, construct, operate, and own a dredge vessel. Loan forgiveness will occur over a ten-year period, extendable by five additional years, as inlet dredging is performed based upon the difference between the private partner rates and published Army Corps of Engineers rates. Accrued interest at 2.0%, is forgivable at termination if all principle has been forgiven. At termination, loan and accrued interest amounts not forgiven and repaid to the County must be returned to the State. The County has no liability to the State for any unforgiven and unpaid loan amounts. The private partner was selected through a request for qualifications process, dredge is complete and operations began in August 2022. As of June 30, 2023, all funds were received from the State and were loaned. This transaction does not qualify as a service concession arrangement for the County.

Note 12. Risk Management

The County and the Airport are exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and the Airport participate in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency. Through these pools, the County and the Airport obtain property coverage equal to replacement cost of owned property subject to total insured values with sub-limits on coverage for specified perils at $297.1 million for any one occurrence; general, auto, professional, employment practices, and law enforcement liability coverage of $5 million per occurrence; auto physical damage coverage for owned autos at actual cash value; crime coverage of $250,000 per occurrence;

cyber liability coverage of $2 million per occurrence; and workers' compensation coverage up to the statutory limits. Additional sub-limits are $10,000,000 annually for earthquakes and $50,000,000 per named storm. The pools are audited annually by independent certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of $750,000, up to a $2 million limit for liability coverage and limits above the $2,000,000 are provided by private reinsurers. For cybersecurity, the pool retains the first $250,000 per loss occurrence. Single occurrence losses in excess of $750,000 for workers' compensation are provided by a combination of the captive and a private reinsurer. Through the captive, the Liability and Property Pool is reinsured for $2,500,000 of annual aggregate losses in excess of $500,000 per occurrence for property including auto physical damage, with additional limits of $997,500,000 purchased through a group of commercial reinsurers through the multi-state public entity captive.

The County carries building and contents flood insurance for all facilities located within a Special Flood Hazard Area (SFHA) through the National Flood Insurance Program (NFIP). A SFHA is the base 100 year flood plain mapped on a Flood Insurance Rate Map (FIRM) by the Federal Emergency Management Agency (FEMA) and are shown by zones that begin with the letter "A" or "V". For facilities within SFHA, the County carries building flood insurance for the facility's appraised value up to the NFIP coverage limit of $500,000 per structure. For facilities within a SFHA, the County carries contents flood insurance for the value of each facility's contents considered to be at risk, up to the NFIP coverage limit of $500,000 per structure.

The County carries NFIP flood insurance for sixty buildings, five water production wells and two water pump stations at a total coverage level of $21,218,700. The County carries NFIP flood insurance for the contents of facilities at a total coverage level of $12,550,600.

The North Carolina Association of County Commissioners Property and Liability Insurance Pool (Pool) provides flood insurance in excess of NFIP coverage for buildings and contents within a SFHA in the amount of $1,000,000 annually in the aggregate with deductibles of $25,000 for each structure. The Pool also provides flood insurance for structures and contents outside of a SFHA in the amount of $10,000,000 annually in the aggregate with deductibles of $25,000 for each structure.

The County and the municipalities within participate in the FEMA Community Rating System (CRS). The CRS credits flood hazard mitigation activities undertaken by participating communities by offering discounts of flood insurance rate premiums. The County as well as all property owners within, currently qualifies for a 20% rate reduction from CRS activities.

For facilities within a SFHA, the County does not carry excess flood insurance (available commercially) for coverage over NFIP limits for facilities that are eligible for FEMA Public Assistance (PA) in a declared disaster other than that provided by the Pool. All County facilities are currently eligible for FEMA PA for losses in excess of NFIP coverage, which is available in full one-time per facility. It is the County's judgment that flood damages in excess of NFIP coverage would very likely be caused by an event that would be a FEMA declared disaster for PA.

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

The County is required by State law to carry public official bonds employees. The County has a bond of $100,000 for the Tax Collector, $1,000,000 for the Finance Director, $50,000 for the Register of Deeds, $25,000 for the Assistant Finance Director, $25,000 for the Sheriff and $50,000 for the Airport Authority Finance Officer. Other positions that have access to $100 or more are bonded for $5,000 each.

The County provides health insurance benefits with a self-insurance plan administered by Medcost Benefit Services. Specific stop-loss insurance is maintained at $200,000 per participant per year with an unlimited lifetime maximum. The Airport, for their employees, are participants in the County plan. At June 30, 2023, the County has accrued a provision and reported a liability for incurred but not reported claims of $1,461,462.

Beginning with fiscal year 2022 the County utilizes a high deductible partial self-insurance plan for workers' compensation coverage administered by the Pool. At June 30, 2023, the County has accrued a provision and reported a liability for incurred but not reported claims of $376,301.

Changes in the balances of the liability for claims incurred but not reported during the past three fiscal years are as follows:

	2023	2022	2021
Estimate of unpaid claims incurred, but not reported, beginning of fiscal year	$ 1,586,098	$ 1,425,368	$ 1,635,393
Incurred but not reported	251,665	160,730	(210,025)
Estimate of unpaid claims incurred, but not reported, end of fiscal year	$ 1,837,763	$ 1,586,098	$ 1,425,368

All risk management activities and programs are accounted for in an Internal Service fund, the Insurance Fund

Note 13. Deferred Outflows and Inflows of Resources

On the Statement of Net Position, deferred outflows of resources at June 30, 2023 consist of the following.

	Governmental Activities	Business-type Activities
Deferred charge on refunding of debt	$ 2,580,566	$ 1,254,572
Pensions - differences between expected and actual experience - RODSPF	879	-
Pensions - changes of assumptions - RODSPF	6,042	-
Pensions - net difference between projected and actual earnings on pension plan investments - RODSPF	47,431	
Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - RODSPF	12,662	-
Pensions - County contributions subsequent to measurement date - RODSPF	6,548	-
Pensions - differences between expected and actual experience - LGERS	1,232,416	111,099
Pensions - changes of assumptions - LGERS	2,853,794	257,263
Pensions - net difference between projected and actual earnings on pension plan investments - LGERS	9,453,117	852,177
Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - LGERS	465,680	41,980
Pensions - County contributions subsequent to measurement date - LGERS	4,964,039	447,497
Pensions - differences between expected and actual experience - LEOSSA	501,042	-
Pensions - changes of assumptions - LEOSSA	350,223	-
Pensions - benefit payments and administrative costs costs subsequent to measurement date - LEOSSA	96,320	-
Pensions - net difference between projected and actual earnings on pension plan investments - LEOSSA	219,245	-
OPEB - changes of assumptions	4,577,692	442,533
OPEB - net difference between projected and actual earnings on OPEB plan investments	115,472	11,163
	$ 27,483,168	$ 3,418,284

On the Statement of Net Position, deferred inflows of resources at June 30, 2023 consist of:

	Governmental Activities	Business-type Activities
Medicaid revenue subject to final audit	$ 299,108	$ -
Donations received but not yet earned	184,391	-
Prepaid taxes	302,418	-
Pensions - differences between expected and actual experience -RODSPF	2,069	-
Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - RODSPF	12,637	-
Pensions - - differences between projected and actual earnings on pension plan investments - LGERS	120,831	10,893
Pensions - changes in proportion and differences between County contributions and proportionate share of contributions - LGERS	201,495	18,164
Pensions - differences between expected and actual experience - LEOSSA	168,310	-
Pensions - changes of assumptions - LEOSSA	457,643	-
OPEB - differences between expected and actual experience	9,828,307	950,118
OPEB - changes of assumptions	18,515,967	1,789,968
Leases	78,217	3,550,672
	$ 30,171,393	$ 6,319,815

On the Governmental funds Balance Sheet, deferred inflows of resources of $1,386,939 at June 30, 2023 consist of:

	Unavailable Revenue	Unearned Revenue
Taxes receivable, net (General)	$ 399,055	$ -
Prepaid taxes (General)	-	302,418
Medicaid cost settlement subject to final audit (General)	-	299,108
Taxes receivable, net (Beach Nourishment)	3,412	-
Taxes receivable, net (Special Revenue)	120,338	-
Donations not yet earned (Special Revenue)	-	184,391
Leases	78,217	-
	$ 601,022	$ 785,917

Note 14. Long-Term Obligations

A. Leases and IT Subscriptions

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows (Note 5.B):

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$ 5,365	$ 101	$ 5,466
2025	3,387	31	3,418
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029-2033	-	-	-
	$ 8,752	$ 132	$ 8,884

The future minimum IT subscription obligations and the net present value of these minimum IT subscription payments as of June 30, 2023, were as follows (Note 5.B):

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	$ 53,845	$ 3,339	$ 57,184
2025	44,999	2,381	47,380
2026	27,942	1,581	29,523
2027	29,620	1,084	30,704
2028	31,375	558	31,933
2029-2033	-	-	-
	$ 187,781	$ 8,943	$ 196,724

B. Revenue Bonds

In June 2017, the County issued $24,845,000 (par value) of utilities (water) system refunding revenue bonds, Series 2017, at a net interest cost of 3.02%, with net proceeds of $27,140,014 to advance refund installments for years 2020 through 2023 for the Series 2009 utilities (water) system refunding revenue bonds and installments for years 2022 through 2041 for the Series 2011 utilities (water) system revenue bonds. Interest on the bonds is payable semiannually on August 1 and February 1. Principal is payable annually on February 1 in the following amounts (along with the corresponding coupon interest rate): 2024, $1,525,000 (5.00%); 2025, $785,000 (5.00%); 2026, $825,000 (5.00%); 2027, $870,000 (5.00%); 2028, $910,000 (5.00%); 2029, $955,000 (5.00%); 2030, $1,005,000 (5.00%); 2031, $1,055,000 (4.00%); 2032, $1,095,000 (4.00%); 2033, $1,140,000 (4.00%); 2034, $1,180,000 (3.00%); 2035, $1,220,000 (3.00%); 2036, $1,255,000 (3.125%), 2037, $1,300,000 (3.125%); 2038, $1,335,000 (3.125%); 2039, $1,375,000 (3.125%); 2040, $1,420,000 (3.125%); and 2041, $1,465,000 (3.125%). The defeased Series 2009 bonds had a call date of December 1, 2019 and the defeased Series 2011 bonds had a call date of February 1, 2021.

Revenue bonds outstanding, net of unamortized original issue premium of $593,912 at June 30, 2023 were $21,308,912. The total par amount of revenue bonds outstanding at June 30, 2023 was $20,715,000.

The revenue bonds are reported on the Water (Enterprise) Fund financial statements because the principal and interest on the bonds are payable from the net revenues of the water system. The revenue bond orders pledge the net revenues of the system, including assessments collected, to repayment of the Series 2017 revenue bonds. The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues, other than those of the water system. The taxing power of the County is not pledged for the payment of principal and interest on the revenue bonds, and no owner of a bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property.

The Revenue Bond Order permits the issuance of one or more additional series of bonds on parity as to pledge of net revenues with outstanding bonds to (1) provide funds for construction of additional facilities; and (2) provide funds for refunding any bonds. The issuance of an additional series of bonds is subject to the satisfaction of certain conditions provided for in the Revenue Bond Order (additional bonds test).

The Revenue Bond order provided for the establishment of a special fund (account), designated the Revenue fund (account), into which the County is required to deposit all Water System revenues (revenues as defined by the Revenue Bond Order). Moneys on deposit in this fund are applied at such times and in accordance with priorities established by the Revenue Bond Order. Moneys in the Revenue fund are required to be transferred to the following funds, established pursuant to the Revenue Bond Order, in the following order of priority: the Operating and Maintenance fund, the Debt Service fund, the Extension and Replacement fund, the Rebate fund, and the Surplus fund.

Pursuant to the Revenue Bond Order, the County has covenanted to fix, establish or maintain or cause to be fixed, established and maintained such rates and charges for the provision of services of the Water system, and reviser or cause to be revised the same, as necessary, as will produce revenues together with 20% of the balance in the Surplus Fund at the end of the preceding fiscal year at least equal in such fiscal year to the total of (i) the current expenses budgeted for such fiscal year, as may be amended from time to time, plus (ii) 120% of (1.20 times) the principal and interest requirements to become due during the fiscal year plus (iii) 100% of (1.00 times) the principal and interest due in such fiscal year on the County's general obligation indebtedness issued in connection with Water System which may be outstanding from time to time plus (iv) 100% of (1.00 times) the principal and interest due in such fiscal year on subordinate indebtedness plus (v) 100% of (1.00 times) the amount required to reimburse the provider of a qualified reserve fund substitute for any amounts owing hereunder.

The County met the above requirements for the year ended June 30, 2023 as follows:

Revenues as defined per Revenue Bond Order:		
Operating revenues	$ 15,305,487	
Other income	2,216,583	
Interest income (loss), excluding capital projects	772,023	
		$ 18,294,093
Current Expenses as defined per Revenue Bond Order:		
Operating expenses	$ 14,525,121	
Non-operating expenses	1,343,161	
Capital contributions	1,079,845	
Add back interest expense	(844,621)	
Add back depreciation	(3,812,367)	
Add back OPEB expense	542,508	
Add back pension expense	(744,311)	
Add 20% of Surplus Fund	(6,903,104)	
Total adjustment		5,186,232
Net Revenues, as defined per Revenue Bond Order		$ 13,107,861
Debt service on Series 2017 Revenue Bonds		$ 2,335,038
Debt service coverage		5.61
Required debt service coverage		1.20

Current expense adjustments are allowed for OPEB and GASB Statement No. 75 and for pensions and GASB Statement No. 68 per the Series 2017 Revenue Bond Series Indenture.

Revenue bond debt service requirements to maturity are as follows (Business-type Activities):

Year Ending June 30	Principal	Interest
2024	1,525,000	802,038
2025	785,000	725,788
2026	825,000	686,538
2027	870,000	645,288
2028	910,000	601,788
2029-2033	5,250,000	2,311,487
2034-2038	6,290,000	1,262,975
2039-2042	4,260,000	269,061
	$ 20,715,000	$ 7,304,963

In June 2017, the County issued $24,845,000 of utilities (water) system revenue bonds and retired certain maturities of the Series 2009 and 2011 utilities (water) system revenue bonds. The advance refunding reduced debt service payments by $3,510,169 and resulted in an economic gain of $2,629,575. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred ($3,125,712) and is amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2023 was $1,254,572 and is reported as a deferred outflow of resources.

C. Installment Financing Contracts, Limited Obligation Bonds, Direct Placement Limited Obligation Bonds, and Direct Borrowings

Direct Borrowings

In September 2018, the County entered into an installment financing agreement with a financial institution for $1,266,611 payable quarterly over 48 months at 2.65%. This agreement financed emergency communication radios for the Sheriff, Communications, Emergency Management, and Emergency Medical Services Departments, and equipment and a truck for the Public Works Department (General Fund). Payments were completed during the fiscal year ended June 30, 2023.

In March 2020, the County entered into an installment financing agreement with a financial institution for $2,025,943 payable quarterly over 36 months at 1.5663%. This agreement financed a variety of vehicles, including vehicles for the Sheriff Department, ambulances for Emergency Medical Services (General Fund), and sanitation trucks for the Sanitation Department (Sanitation Fund). Payments were completed during the fiscal year ended June 30, 2023.

In March 2021, the County entered into an installment financing agreement with a financial institution for $2,199,721 payable quarterly over 36 months at 0.6734%. This agreement financed a variety of vehicles, including vehicles for the Sheriff Department, ambulances for Emergency Medical Services (General Fund), and sanitation trucks for the Sanitation Department (Sanitation Fund).

In March 2022, the County entered into an installment financing agreement with a financial institution for $1,345,236 payable semi-annually over 59 months at 1.83%. This agreement financed various heavy equipment for Public Works (General Fund).

In March 2022, the County entered into an installment financing agreement with a financial institution for $2,980,682 payable quarterly over 36 months at 1.45%. This agreement financed a variety of vehicles, including vehicles for the Sheriff Department, ambulances and vehicles for Emergency Medical Services (General Fund), and sanitation trucks for the Sanitation Department (Sanitation Fund).

In March 2023, the County entered into an installment financing agreement with a financial institution for $2,265,094 payable semi-annually over 59 months at 3.75%. This agreement financed various heavy equipment for Public Works (General Fund), and sanitation trucks for the Sanitation Department.

In March 2023, the County entered into an installment financing agreement with a financial institution for $1,823,834 payable quarterly over 36 months at 3.75%. This agreement financed a variety of vehicles, including vehicles for the Sheriff Department, and ambulances and vehicles for Emergency medical services (General Fund).

Limited Obligation Bonds

Series 2012B: In February 2012, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $33,645,000 over 11 years at a true interest cost of 1.79%. This agreement was issued as taxable Series 2012A Limited Obligation Bonds of $2,850,000 and tax exempt Series 2012B Limited Obligation Bonds of $33,645,000. This agreement defeased the outstanding balances of the Series 2001 and Series 2002 Certificates of Participation on February 16, 2012. The portion of the agreement related to the Series 2001 Certificates was a current refunding. The 2001 Certificates provided financing for the Dare County Justice Center, airport hangars and new construction of Hatteras Elementary School. The portion of the agreement related to the Series 2002 Certificates was an advance refunding with a call date of December 1, 2012. The 2002 Certificates provided financing for new construction of First Flight High School and Manteo Elementary School, and addition to First Flight Middle School, and construction of a solid waste transfer station. The refunding reduced total debt service by $4,270,043 and resulted in an economic gain of $4,198,454. The reduction in debt service was structured such that $3,575,000 was used on February 16, 2012 to terminate a basis swap and swaption related to the Series 2001 and 2002 Certificates (General Fund). This agreement was issued as Supplemental Indenture #1 to the 2002 Indenture and is secured by the same deed of trust granted on Manteo Elementary School and First Flight High School. (See Financing Structure for School Facilities). Payments were completed during the fiscal year ended June 30, 2023.

Series 2012C: In October 2012, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $9,225,000 over 12 years at a true interest cost of 2.35%. This agreement, the County of Dare, NC Limited Obligation Bonds Series 2012C, provided financing for replacement of Emergency Medical Services cardiac monitoring and defibrillator units (6 year term) and for replacement of the County's Emergency Medical Services helicopter (12 year item) (General Fund). This agreement was issued under a 2012 Indenture in conjunction with the Series 2012D Limited Obligation Bonds and is secured by the same deed of trust.

Series 2013A: In April 2013, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $29,285,000 over 12 years at a true interest cost of 2.32%. This agreement, the County of Dare NC Limited Obligation Bonds Series 2013A, defeased in the 2016 through 2025 outstanding balances of the Series 2005 Certificates of Participation, and was an advance refunding with a call date of June 1, 2015. The refunding reduced total debt service by $2,067,383 and resulted in an economic gain of $1,807,358 (General Fund). This agreement was issued as Supplemental Indenture #1 to the 2005 Indenture and is secured by the same deed of trust granted on Hatteras Secondary School, Kitty Hawk Elementary School and Manteo High School. The June 1, 2025 maturity was refunded by the Series 2020A Limited Obligation Bonds on May 13, 2020. (See Financing Structure for School Facilities).

Series 2016A: In June 2016, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $11,545,000 over 20 years at a true interest cost of 2.29%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2016A, advanced refunded $5,695,000 of the County's Series 2007 Certificates of Participation (the 2018 through the 2023 maturities and $235,000 of the 2024 maturities with a call date of June 1, 2018) and provided financing for new construction of a regional emergency communications and emergency operations center (Capital Projects Fund). The refunding reduced total debt service by $377,523 and resulted in an economic gain of $344,261 (General Fund). This agreement was issued under a new 2016A Indenture and is secured by a deed of trust granted on the Dare Tyrrell Hyde Regional Emergency Communications and Dare Emergency Operations Center.

Series 2021A: In February 2021, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $27,700,000 over 20 years at a true interest cost of 1.70%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2021A, provided financing for the construction of a new Animal Shelter, renovations to the Department of Health and Human Services buildings, roof improvements at Manteo High School, two property purchases, and new Emergency Medical Services equipment. This agreement was issued under a new 2021 Indenture and is secured by a deed of trust granted on the Department of Health and Human Services facility.

Series 2023A: In May 2023, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $37,050,000 over 20 years at a true interest cost of 3.45%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2023A, provided financing for the construction of a replacement Emergency Medical Services Station in Southern Shores, a replacement Dare MedFlight facility including hangar space, living quarters, and office space, and a joint Dare County Emergency Medical Services and Town of Kill Devil Hills Fire Department Station (replacements). The County and the Town executed an agreement for town payments over the life of the agreement. This agreement was issued under a new 2023 Indenture and is secured by a deed of trust granted on the joint Kill Devil Hills facility.

Direct Placement Limited Obligation Bonds

Series 2014: In July 2014, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $3,073,000 over 15 years at a true interest cost of 3.35%. This agreement, the County of Dare NC Limited Obligation Bonds Series 2014, provided financing for new construction at Manteo Elementary School (General Fund). The limited obligation bonds were privately placed with a financial institution. This agreement was issued as Supplemental Indenture #2 to the 2002 Indenture and is secured by the same deed of trust granted on Manteo Elementary School and First Flight High School. (See Financing Structure for School Facilities).

Series 2016C: In June 2016, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $10,045,000 over 7 years at a true interest cost of 1.63%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2016C, provided financing for a portion of the County's share of a beach nourishment project constructed in the spring through fall of 2018 in the towns of Duck, Kitty Hawk, Southern Shores, and Kill Devil Hills (Capital Projects Fund and Beach Nourishment Fund). The limited obligation bonds were privately placed with a financial institution. This agreement was issued as Supplemental Indenture #1 to the 2016A Indenture and is secured by the same deed of trust granted on the Dare Tyrrell Hyde Regional Emergency Communications and Dare Emergency Operations Center. Payments were completed during the fiscal year ended June 30, 2023.

Series 2016B: In January 2017, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $25,045,000 over 7 years at a true interest cost of 1.82%. This agreement, the County of Dare, NC Limited Obligations Bonds Series 2016B, provided financing for a heating and air conditioning chiller unit at Cape Hatteras Secondary School and for beach nourishment constructed in the summer of 2017 through winter of 2018 at the village of Buxton (School Capital Projects Fund, Capital Projects Fund and Beach Nourishment Fund). The limited obligation bonds were privately placed with a financial institution. This agreement was issued as Supplemental Indenture #2 to the 2005 Indenture and is secured by the same deed of trust granted on Hatteras Secondary School, Kitty Hawk Elementary School and Manteo High School. (See Financing Structure for School Facilities). Payments were completed during the fiscal year ended June 30, 2023.

Series 2018: In July 2018, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $10,295,000 over 5 years at a true interest cost of 2.67%. This agreement, the County of Dare, NC, NC Limited Obligation Bonds Series 2018, provided financing for roofing and other improvements at Manteo High School and for the County's share of a beach nourishment project constructed in the summer of 2019 in the town of Nags Head (School Capital Projects Fund, Capital Projects Fund and Beach Nourishment Fund). The limited obligation bonds were privately placed with a financial institution. This agreement was issued as Supplemental Indenture #3 to the 2005 Indenture and is secured by the same deed of trust granted on Hatteras Secondary School, Kitty Hawk Elementary School and Manteo High School. (See Financing Structure for School Facilities). Payments were completed during the fiscal year ended June 30, 2023.

Series 2020A: In May 2020, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S. 160A-20) for $23,460,000 over 9 years at an interest rate of 1.27%. This agreement, the County of Dare, NC, Taxable Limited Obligation Bonds Series 2020A, advanced refunded $20,980,000 of debt consisting of $14,620,000 of the County's 2012D Limited Obligations Bonds (the June 1, 2023 through 2029 maturities), $2,825,000 of the County's 2013A Limited Obligations Bonds (June 1, 2025 maturity), and $3,535,000 of the County's Series 2015 Limited Obligations Bonds (all maturities, June 1, 2020 through 2027). The refunding reduced total debt service by $1,897,518 and resulted in an economic gain of $1,877,007 (General Fund). The limited obligation bonds were privately placed with a financial institution. This agreement was issued as Supplemental Indenture #1 to the 2012D Indenture and is secured by the same deed of trust granted on Manteo Middle School, Nags Head Elementary School and the community college campus. (See Financing Structure for School Facilities).

Series 2021A IFK: In November 2021, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S.160A-20) for $3,000,000 over 10 years at a true interest cost of 1.50%. This agreement, the County of Dare, NC Series 2021A Installment Financing Contract, provided financing for property for a future youth center and property for a future Emergency Medical Services Station.

Series 2021B: In December 2021, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S.160A-20) for $9,172,693 over 5 years at a true interest cost of 0.98%. This agreement, the County of Dare, NC, NC Limited Obligation Bonds Series 2021B, provided financing for improvements to the Justice Center and for the County's share of a beach nourishment project in the summer of 2022 for the towns of Kill Devil Hills, Kitty Hawk, Southern Shores, and Duck (Capital Projects Fund and Beach Nourishment Fund). The agreement was issued under a new indenture and is secured by a deed of trust granted on the Justice Center.

Series 2022A & B: In February 2022, the County entered into an installment purchase contract with the Dare County Public Facilities Corporation for an issue of limited obligation bonds (G.S.160A-20) for $22,138,293 (Series A) and $6,356,736 (Series B) over 5 years at a true interest cost of 1.39%. This agreement, the County of Dare, NC, NC Limited Obligation Bonds Series 2022A & B, provided financing beach nourishment projects in the villages of Avon and Buxton in the summer of 2022 (Capital Projects Fund and Beach Nourishment Fund). Series B was issued in the amount of an approved FEMA and State Reimbursement under disaster declarations for Hurricanes Florence and Dorian. Outstanding principal was called and retired on April 10, 2023, after receipt of that reimbursement. The agreement was issued as Supplemental Indentures #1 and #2 to the 2021B indenture and are secured by the same deed of trust on the Justice Center.

Financing Structure of Installment Financings for School Facilities

Per G.S. 160A-20 the County has financed the construction and renovation of various schools for use by the Dare County Board of Education through installment financings. The installment financings were issued pursuant to deeds of trust that require that legal title to property subject to the deeds of trust remains with the County as long as the related debt is outstanding. The County has entered into leases and an agency agreement that transfers the rights and responsibilities of ownership, including maintenance and insurance, to the Dare County Board of Education. Lease terms are the same as that of the related installment financing. From the economic substance of the transactions, the related capital assets are recorded by the Dare County Board of Education and not by the County.

Annual debt service requirements for Installment Financing and Purchase Contracts, as of June 30, 2023 are as follows (Governmental Activities):

Year Ending June 30	Limited Obligation Bonds - Publicaly Sold		Limited Obligation Bonds - Direct Borrowings & Placements		Installment Financing Contracts - Direct Borrowings & Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 5,505,000	$ 3,219,479	$ 2,831,326	$ 165,309	$ 10,137,197	$ 645,646
2025	4,440,000	2,846,900	2,080,877	105,510	13,092,197	514,200
2026	3,650,000	2,660,850	1,207,070	55,065	10,072,197	345,225
2027	3,650,000	2,498,500	613,389	23,783	9,962,197	214,604
2028	3,650,000	2,336,150	243,645	4,568	2,740,000	85,380
2029-2033	18,250,000	9,201,400	-	-	3,468,000	61,476
2034-2038	17,615,000	5,216,600	-	-	-	-
2039-2043	13,905,000	1,711,800	-	-	-	-
	$ 70,665,000	$ 29,691,679	$ 6,976,307	$ 354,235	$ 49,471,788	$ 1,866,531

D. Long-Term Debt Obligation Activity

The following is a summary of changes in the County's general long-term obligations for the year ending June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion of Balance
Government activities:					
Limited obligation bonds	$ 41,610,000	$ 37,050,000	$ 7,995,000	$ 70,665,000	$ 5,505,000
Deferred amounts, for issuance premiums	4,360,544	5,286,470	892,013	8,755,001	-
	45,970,544	42,336,470	8,887,013	79,420,001	5,505,000
Installment financing contracts from direct borrowings and direct placements	78,090,833	4,088,928	25,731,666	56,448,095	12,968,523
Leases	14,986	9,998	16,232	8,752	5,365
IT subscriptions	377,699	-	189,918	187,781	53,845
Compensated absences	3,574,508	3,939,877	3,128,941	4,385,444	1,184,070
Net pension liability (LEOSSA)	-	392,410	-	392,410	-
Net pension liability (LGERS)	7,176,264	21,425,302	-	28,601,566	-
Net OPEB liability	110,954,557	1,199,093	-	112,153,650	-
C&D landfill closure and post-closure costs	6,269,698	590,869	-	6,860,567	-
Total governmental activities	$ 252,429,089	$ 73,982,947	$ 37,953,770	$ 288,458,266	$ 19,716,803
Business-type activities:					
Revenue bonds	$ 22,175,000	$ -	$ 1,460,000	$ 20,715,000	$ 1,525,000
Deferred amounts, for issuance premiums	820,355	-	226,443	593,912	-
	22,995,355	-	1,686,443	21,308,912	1,525,000
Compensated absenses	337,395	379,758	278,969	438,184	118,310
Net pension liability (LGERS)	646,924	1,931,441	-	2,578,365	-
Net OPEB liability	10,726,155	115,918	-	10,842,073	-
Total business-type activities	$ 34,705,829	$ 2,427,117	$ 1,965,412	$ 35,167,534	$ 1,643,310

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as a part of the above totals for governmental activities, including, at year end, $94,830 of internal service funds compensated absences and $630,407 of net pension liability (LGERS). Also, for the governmental activities, claims and judgements and compensated absences are generally liquidated by the General Fund.

The General Fund has been used in prior years to liquidate the LEOSSA obligation. The General Fund, the C&D Landfill Fund and the Sanitation Fund have been used in prior years to liquidate the OPEB liability (governmental activities). The General Fund and the C&D Landfill Fund have been used in prior years to liquidate the C&D Landfill closure and post-closure liability.

At June 30, 2023, the RODSPF had a net pension asset.

At June 30, 2023, the County had no bonds authorized but unissued and had a legal debt margin of $1,250,710,105.

E. Component Unit General Long-Term Debt

The following is a summary of the changes in general long-term debt for the component units for the year ended June 30, 2023:

Airport

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion of Balance
Government activities:					
Compensated absenses	$ 47,909	$ 14,546	$ -	$ 62,455	$ -
Total OPEB liability	2,313,349	45,275	-	2,358,624	-
Net pension liability (LGERS)	85,413	255,007	-	340,420	-
Total long-term liabilities	$ 2,446,671	$ 314,828	$ -	$ 2,761,499	$ -

ABC Board

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion of Balance
Government activities:					
Total OPEB liability	$ 2,001,733	$ -	$ 360,493	$ 1,641,240	$ -
Total pension liability (LEOSSA)	57,293	-	3,262	54,031	-
Net pension liability (LGERS)	210,256	644,420	-	854,676	-
Lease Liabilities	500,211	-	39,857	460,354	40,968
Total long-term liabilities	$ 2,769,493	$ 644,420	$ 403,612	$ 3,010,301	$ 40,968

Tourism Board

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion of Balance
Government activities:					
Compensated absences	$ 74,637	$ 21,418	$ -	$ 96,055	$ -
Net pension liability (LGERS)	151,979	426,832	-	578,811	-
Total OPEB liability	890,718	53,051	152,938	790,831	-
Total long-term liabilities	$ 1,117,334	$ 501,301	$ 152,938	$ 1,465,697	$ -

F. Net Investment in Capital Assets and Debt Related to Capital Activities

The following is a schedule of the calculation of Net Investment in Capital Assets as of June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Net capital assets (Note 5.A)	$ 202,862,471	$ 68,276,247	$ 271,138,718
Net right to use assets (Note 5.B)	192,066	-	192,066
Net assets	$ 203,054,537	$ 68,276,247	$ 271,330,784
Limited obligation bonds	79,420,001	-	79,420,001
Direct placements	56,448,095	-	56,448,095
Revenue bonds	-	21,308,912	21,308,912
Deferred charges on refundings	(2,580,566)	(1,254,572)	(3,835,138)
Less Education debt for which			-
the County does not heold a title	(8,155,437)	-	(8,155,437)
Less unexpended proceeds			
excluding Education	(49,933,878)	-	(49,933,878)
Total capital debt	75,198,215	20,054,340	95,252,555
Net investment in capital assets	$ 127,856,322	$ 48,221,907	$ 176,078,229

Note 15. Interfund and Component Unit Transactions

A. Interfund Receivables and Payables

The following is a schedule of interfund receivables and payables as of June 30, 2023:

	Receivable	Payable
Major		
Beach Nourishment Fund from Capital Projects Fund	$ 9,433,750	$ -
Capital Projects Fund to Beach Nourshiment Fund	-	9,433,750
Non major		
Social Services Foster Care Fund from E911 Fund	10,390	-
E911 Fund to Social Services Foster Care Fund	-	10,390
	$ 9,444,140	$ 9,444,140

B. Component Unit Receivables and Payables

The following is a schedule of component unit receivables and payables as of June 30, 2023:

	Receivable	Payable
Tax and ABC Pass-through Fund:		
from ABC Board – discretely presented	$ 193,212	$ -
Social Services Foster Home Fund:		
from ABC Board – discretely presented	558,716	-
General Fund:		
from ABC Board – discretely presented	570,503	-
Tax and ABC Pass-through Fund:		
to Tourism Board – discretely presented	-	2,853,456
ABC Board – discretely presented:		
to Tax and ABC Pass-through Fund	-	193,212
to Social Services Foster Home Fund	-	558,716
to General Fund	-	570,503
Tourism Board – discretely presented:		
from Tax and ABC Pass-through Fund	2,853,456	-
	$ 4,175,887	$ 4,175,887

C. Interfund Transfers

The following is a schedule of interfund transfers for the year ended June 30, 2023:

	Transfer From	Transfer To
Governmental Fund Types		
Major		
General Fund		
from Social Services Foster Care Fund	$ 800,000	$ -
from Coronavirus Relief Fund	511,071	-
to E911	-	38,750
to C & D Landfill Fund	-	400,000
to Inlet Maintenance Fund	-	918,117
to Capital Projects Fund	-	2,375,871
to School Capital Projects Fund	-	3,571,805
Beach Nourishment Fund		
from Capital Projects Fund	221,824	
to Inlet Maintenance Fund	-	1,793,478
Capital Projects Fund		
from General Fund	2,375,871	-
to Beach Nourishment Fund		221,824
Non-major		
E911		
from General	38,750	-
C & D Landfill Fund		
from General	400,000	-
Inlet Maintenance Fund		
from General Fund	918,117	-
from Beach Nourishment Fund	1,793,478	-
Coronavirus Relief Fund		
to General Fund	-	511,071
School Capital Projects Fund		
from General Fund	3,571,805	-
Social Services Foster Care Fund		
to General Fund	-	800,000
Total Governmental Funds	$ 10,630,916	$ 10,630,916

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move funds per the adopted Capital Improvements Plan, to move funds per the Beach Nourishment and Inlet Maintenance plans and budgets, to support operations of the funds and to establish a working fund balance in the Inlet Maintenance Fund.

Note 16. Fund Balance

The following is a schedule of the calculation of fund balance available for appropriation in General Fund as of June 30, 2023:

Total fund balance	$ 112,508,253
Less:	
Inventories	13,382
Stabilization by State statute	17,864,589
Sheriff	77,325
Health Department	364,169
Capital or debt service	26,078,520
Disaster Recovery	1,412,997
LEO Special Separartion Allowance	113,804
Storm water	1,559,370
Housing	10,500,000
Appropriated fund balance in fiscal year 2024 budget	12,739,482
Fund Balance policy	25,889,361
Available for appropriation	$ 15,895,254

The governing board has adopted a policy to maintain a minimum level of unassigned fund balance in the General Fund on a consolidated basis. The target level is 21 percent of current year revenues of the unconsolidated General Fund.

The governing board has adopted a policy to maintain a minimum level of total fund balance in the Disaster Recovery Fund (consolidated into the General Fund). The target level is 1.0 percent of current year expenditures of the unconsolidated General Fund. The target percentage was set at the State damage and cost threshold for a State disaster declaration in the absence of a Federal disaster declaration.

The governing board has adopted a policy to maintain a level of total fund balance in the Capital Investment Fund (consolidated into the General Fund). The target level goal is 1.00 times the annual debt service with no less than 0.50 times.

Note 17 Joint Ventures

Trillium Health Resources

The County participates in a joint venture to operate the Trillium Health Resources (Trillium) with twenty-eight other counties. Dare County appoints two board members to the seventeen Central Regional Advisory Board of Trillium. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2023. In accordance with the intergovernmental agreement between the participating governments, the County expended $71,040 to Trillium to supplement its activities. Complete financial statements for Trillium may be obtained from Trillium's office at 1708 E. Arlington Blvd., Greenville, NC 27858-5872.

Albemarle Regional Solid Waste Authority

The County participates in a joint venture to operate the Albemarle Regional Solid Waste Authority (Authority) with seven other counties, each of which appoints one voting and one nonvoting member of the Authority's governing board. The Authority was created to serve the solid waste disposal needs of the member counties and has subsequently contracted with a private regional landfill for waste disposal. The County has an ongoing financial responsibility for the Authority because it is legally obligated under an intergovernmental agreement for a portion of the Authority's administrative expenses, determined on an annual tonnage basis among members. The County contributed $179,205 to the Authority during the fiscal year ended June 30, 2023. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2023. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at Albemarle Regional Solid Waste Authority, Post Office Box 189, Elizabeth City, NC 27907.

College of the Albemarle

The County, in conjunction with the State of North Carolina, Pasquotank County, and the Elizabeth City-Pasquotank County Board of Education, participates in a joint venture to operate the Dare County campus of the College of the Albemarle (College). The College's fourteen-member Board of Trustees is appointed as follows: the Governor of North Carolina (4), The Pasquotank County Board of Commissioners (4), the Elizabeth City-Pasquotank County Board of Education (4) and the Dare County Board of Commissioners (2). The College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the College's Dare County campus and also provides some financial support for the College's operations. The County has an ongoing financial responsibility for the College because of a statutory responsibility to provide funding for the year ended June 30, 2023, expenditures were $714,392. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2023 Complete financial statements for the College may be obtained from the College's administrative offices at College of the Albemarle, Post Office Box 2327, Elizabeth City, NC 27906. The County also provided $250,000 to the College of the Albemarle Foundation under an agreement for the Foundation to provide scholarships to Dare County students.

East Albemarle Regional Library

The County also participates in a joint venture to operate the East Albemarle Regional Library (Library) with four other counties. The Library's nine-member Board of Trustees is appointed by the area county Boards of Commissioners as follows: Dare (3), Currituck (3), and Camden and Pasquotank (3). Each county is responsible for the cost of its own facilities, the maintenance and operation of those facilities and the majority of the related personnel cost. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. The County's annual appropriation is shown as a department in the General Fund and for the year ended June 30, 2023 expenditures were $1,131,224. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2023. Complete financial statements for the Library may be obtained from the Library's administrative offices at East Albemarle Regional Library, 205 E. Main Street, Elizabeth City, NC 27909.

Note 18. Jointly Governed Organizations

Albemarle Commission

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission (Commission) to coordinate funding received from various federal and state agencies. Each participating county appoints four members and each participating municipality appoints two members of the Commission's governing board. The County paid membership fees of $25,901 to the Commission during the fiscal year ended June 30, 2023.

Government Access Committee

The County, in conjunction with the Towns of Kill Devil Hills, Manteo and Nags Head, established the Government Access Committee to coordinate the use of funding for a government access channel on the local cable television system, as part of a franchise agreement reached in 2001 for cable television service with Charter Communications, which is accounted for in the Government Access (Custodial) Fund. The County paid membership fees of $1,000 during the fiscal year ended June 30, 2023.

Albemarle Mental Health Center Retirees OPEB Trust

Albemarle Mental Health Center (AMHC) operations were taken over by the State of North Carolina during fiscal year 2009 and AMHC ceased to exist as of the fiscal year ended June 30, 2010. AMHC had created certain other post-employment benefits for retiree health benefits. The provision of those benefits became the responsibility of the ten-member counties per G.S. 122C-115.3. In 2010, the State and the successor agency funded $1.1 million for the benefits, administered by member county Martin County, NC which was at the time expected to fully fund the OPEB liability. An actuarial study was completed and calculated a net OPEB liability of $930,300. The County's share, based upon 2010 census population per G.S. 115C-115.3, is estimated to be $171,475. Member counties are making payments evenly over a five-year period beginning in fiscal year 2023.

Note 19. Other Relationship

Dare County Board of Education

The governing body of the Dare County Board of Education (Board) is elected by the citizens of the county. It has been determined by the State that the Board is not fiscally dependent on the County and is therefore a primary unit of government. Since North Carolina school systems have no authority to issue long term debt, capital assets of the Board are financed by general obligation bonds and installment purchase contracts issued by the County with the school systems recording all assets (Note 13.C). The County also has budgetary approval over its annual allocation to the Board. However, this allocation represents approximately 38% of the Board's total general operating budget, and the Board is not accountable to the County for its fiscal matters beyond this allocation. Further, the County does not significantly influence the operations of the Board and has no authority to designate its management.

Note 20. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received $395,930 as part of this settlement in Fiscal Year 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. $273,623 of the funds were expended as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

Note 21. Reimbursement for Pandemic-related Expenditures

The American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and to replace lost revenue for eligible state, local, territorial, and tribal governments. The County was awarded $7,188,504 in fiscal recovery funds. $3,594,282 was received in May 2021 and $3,594,282 was received in June 2022. The County used the award for revenue replacement by using the amount for eligible public safety salaries and fringes which were accounted for and revenue recognized in the American Rescue Plan (Special Revenue) fund during fiscal year 2022.

In October 2022 the County was awarded $523,126 from the Local Assistance and Tribal Consistency Fund of the American Rescue Plan Act of 2021. $261,563 was received during fiscal year 2023 and $261,563 was received subsequent to fiscal year-end. The funds are budgeted to be used for eligible expenditures during fiscal year 2024 and the grant amount will be recognized as revenue.

The County was also reimbursed by FEMA $250,692 in fiscal year 2020, $24,252 in fiscal year 2021, and $159,973 in fiscal year 2022 for pandemic expenditures, accounted for in the Coronavirus Relief (Special Revenue) Fund.

Note 22. Municipal Water Purchase Contracts

On October 18, 1996, the County entered into a forty-year water supply agreement with the towns of Kill Devil Hills and Nags Head. The agreement replaced and superseded prior contracts between the parties. Current and future allocations of production capacity remain the same as in the combination of prior contracts. The formula used to determine the wholesale water rate is based upon actual costs and actual distributed gallons from the preceding fiscal year with the new calculated rate going into effect each January 1. The rate formula includes provisions for a reverse osmosis membrane reserve and for capital recovery.

On January 1, 2012, the County entered into a fifteen-year agreement with the town of Manteo. The agreement replaced and superseded a prior contract. The Formula used to determine the whole sale rate is the same as is used for the contract discussed in the preceding paragraph for the towns of Kill Devil Hills and Nags Head with the new calculated rate going into effect each July 1.

Note 23. Continuing Disclosure Obligation

The County is required, as a result of the issuance of the County of Dare, North Carolina Limited Obligation Bonds Series 2012B, 2012C, 2012D, 2013A, 2016A, 2021A, and 2023A, and the County of Dare, North Carolina Utilities System Revenue Bonds, Series 2017, to annually make certain disclosures to nationally recognized municipal securities information repositories. These disclosures are accomplished through the use of the annual comprehensive financial report, specifically, the Notes to the Financial Statements, including the following paragraph, Management's Discussion and Analysis, and the Statistical Section. A crosswalk to the annual comprehensive financial report is provided as a part of the disclosure filing at https://emma.msrb.org.

A. Operating and Capital Budget Procedures

The annual budget serves as the foundation of Dare County's financial planning and control. All agencies and departments of Dare County are required to submit requests to the manager as the budget officer per State law, on or before the last day of February of each year. The manager then uses these requests as the starting point for developing a proposed budget which must be submitted to the Board of Commissioners by each June 1. The Board is required to hold at least one public hearing on the proposed budget and must adopt a final budget by no later than each June 30, the close of the fiscal year. The appropriated budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Dare County, annual budgets are adopted for the General, Special Revenue and Enterprise (except the Water Capital Projects Fund) funds. Multiyear project budgets are adopted for all Capital Project funds. Appropriations in the General Special Revenue and Enterprise (except the water Capital Projects Fund) funds are made at the departmental level and at the project level for all Capital Project funds. For internal accounting purposes, budgetary control is generally maintained by object class (line item account). Purchase orders that would create an over encumbrance at that level generally are not written.

Note 24. Change in Accounting Principle and Restatement of Beginning Net Position

The County implemented GASB Statement 87, *Leases* for the fiscal year ended June 30, 2022. The implementation of this statement decreased beginning net position of the General Fund by $19,039, and increased beginning net position of the Water Fund by $75,836.

The County implemented GASB Statement 96, Subscription-Based Information Technology Arrangements for the fiscal year ended June 30, 2023. The implementation of this statement reduced beginning net position of the General Fund by $1,070.

Note 25. Coronavirus (Covid-19)

During the fiscal year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (Covid-19) a world-wide pandemic. The Covid-19 pandemic has had significant effects on global markets, supply chains, businesses and communities. Beginning with June 2020, and continuing through this report date, the County has seen significant revenue increases in sales taxes, occupancy taxes, the land transfer tax, and various related real estate and construction real estate activity. Management believes the County has taken and is taking appropriate actions to mitigate negative impacts, which have been funded through CARES Act grants, FEMA, and the American Rescue Plan. The full impact of Covid-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

APPENDIX B
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Contract, the Indenture and the Deed of Trust. This summary is not intended to be definitive and is qualified in its entirety by reference to each of the aforementioned documents for the complete terms thereof. Copies of said documents are available from the County on request.

DEFINITIONS

"*Acquisition and Construction Fund*" means the special fund created under the Indenture.

"*Additional Bonds*" means additional parity bonds or other parity obligations executed and delivered in accordance with the Indenture.

"*Additional Payments*" means the reasonable and customary expenses and fees (including, but not limited to, attorneys' fees, costs and expenses) of the Trustee and the Corporation, any expenses of the Corporation in defending an action or proceeding in connection with the Contract or the Indenture and any taxes or any other expenses, including, but not limited to, licenses, permits, state and local income, sales and use or ownership taxes or property taxes which the County or the Corporation is expressly required to pay as a result of the Contract (together with interest that may accrue thereon if the County fails to pay the same).

"*Bond Fund*" means the special fund created under the Indenture.

"*Bonds*" means the 2023A Bonds, the 2024 Bonds, and any Additional Bonds.

"*Business Day*" means a day other than (a) a day on which the Trustee or the County is authorized by law to remain closed or (b) a day on which the New York Stock Exchange is closed.

"*Cede & Co.*" means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Bonds.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder, or any successor statute thereto.

"*Contract*" means, collectively, the 2023 Contract and the First Amendment, as may be further amended from time to time.

"*Corporation*" means Dare County Public Facilities Corporation or any successor thereto.

"*Corporation Representative*" means any person or persons at the time designated to act on behalf of the Corporation for purposes of performing any act on behalf of the Corporation under the Contract and the Indenture by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President.

"*Cost of Acquisition and Construction*" includes payment of or reimbursement for the following items:

(a) the Costs of Issuance;

(b) obligations incurred or assumed for the Projects in connection with the acquisition, construction, renovation, equipping and financing or refinancing thereof, including, without limitation, costs of obtaining title insurance and a survey of the Mortgaged Property; and

(c) all other costs which are considered to be a part of the cost of acquisition, construction, renovation, equipping and financing of the Projects in accordance with generally accepted accounting principles and, to the extent applicable, which will not affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments payable by the County, including sums required to reimburse the County for advances made by the County that are properly chargeable to the acquisition, construction, renovation, equipping and financing of the Projects.

"*Costs of Issuance*" means the costs incurred in connection with the initial execution and delivery of the Bonds, including, without limitation, all printing expenses in connection with the Indenture, the Contract, and the documents and certificates contemplated by the Indenture, the Preliminary Official Statement and the Official Statement for the Bonds, if any, and the Bonds, legal fees and expenses of counsel to the Corporation, special counsel, counsel to the County, other counsel, counsel to the purchaser or purchasers of the Bonds, financial advisor fees, rating agency fees, any accounting expenses incurred in connection with determining that the Bonds are not "arbitrage bonds" within the meaning of the Code, the Trustee's initial fees and expenses (including attorney's fees, costs, and expenses), and state license fees, on the submission of requisitions by the County signed by a County Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of executing and delivering the Bonds.

"*County*" means the County of Dare, North Carolina or any successor to its functions.

"*County Representative*" means (1) the County Manager, the Deputy County Manager/Finance Director, or the person or persons at the time designated to act on behalf of the County for the purpose of performing any act under the Contract by a written certificate furnished to the Trustee and the Corporation containing the specimen signatures of such person or persons and signed on behalf of the County by the County Manager or the Deputy County Manager/Finance Director of the County, or (2) if any or all of the County's rights and obligations are assigned under the Contract, the person or persons at the time designated to act on behalf of the County and the assignee by a written certificate similarly furnished and of the same tenor.

"*Deed of Trust*" means the Deed of Trust, Security Agreement and Fixture Filing dated as of May 1, 2023 from the County to the deed of trust trustee named therein for the benefit of the Corporation or its assignees, as the same may be modified or extended in accordance with its terms. All of the terms, definitions, conditions and covenants of the Deed of Trust are incorporated by reference and are made a part of the Contract as if fully set forth therein.

"*Deed of Trust Trustee*" means the trustee named in the Deed of Trust and any trustee subsequently named pursuant to the terms of the Deed of Trust.

"*DTC*" means The Depository Trust Company, a limited purpose company organized under the law of the State of New York, and its successors and assigns.

"*DTC Participant*" or "*DTC Participants*" means securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations which have access to the DTC system.

"*Event of Default*" means those events of default specified in the Contract and the Indenture, as applicable.

"*Federal Securities*" means, to the extent such investments qualify under Section 159-30, or any replacement statute, of the General Statutes of North Carolina as amended from time to time, (a) direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America or obligations of any agency or instrumentality of the United States of America, in each case for the payment of which the full faith and credit of the United States of America are pledged (including any securities issued or held in the name of the Trustee in book entry form on the books of the Department of the Treasury of the United States of America) which obligations are held by the Trustee and are not subject to prepayment or purchase before maturity at the option of anyone other than the holder; (b) any bonds or other obligations of any state or territory of the United States of America or of any agency, instrumentality or local governmental unit of any such state or territory which are (1) not callable before maturity or (2) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's and S&P within its highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) of this definition which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate; or (c) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in clause (a) or (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (a) or (b), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"*First Amendment*" means Amendment Number One to the 2023 Contract dated as of May 1, 2024, between the Corporation and the County and any amendments or supplements thereto, including the Payment Schedule attached thereto, amending the 2023 Contract.

"*First Supplement*" means Supplemental Indenture, Number 1 dated as of May 1, 2024, between the Corporation and the Trustee and any amendments or supplements thereto, supplementing and amending the 2023 Indenture.

"*Fiscal Year*" means a twelve-month period commencing on the first day of July of any year and ending on the 30th day of June of the succeeding year, or such other twelve-month period which may subsequently be adopted as the Fiscal Year of the County.

"*Indenture*" means, collectively, the 2023 Indenture and the First Supplement, as may be further supplemented and amended from time to time.

"*Installment Payments*" means those payments made by the County to the Corporation as described in the Contract and in the Payment Schedule attached to the First Amendment.

"*Interest Payment Date*" means, with respect to the 2024 Bonds, each June 1 and December 1, beginning December 1, 2024.

"*KDH Facility*" means the replacement County EMS station and fire department facility constructed on behalf of the Town of Kill Devil Hills that is co-located on the same property located in the Town of Kill Devil Hills.

"*LGC*" means the Local Government Commission of North Carolina.

"*Moody's*" means Moody's Investors Service, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, "*Moody's*" will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"*Mortgaged Property*" means the property subject to the lien and security interest created by the Deed of Trust, as more particularly described therein.

"*Net Proceeds,*" means, when used with respect to any (1) proceeds from policies of insurance which are payable to the Corporation or the Trustee with respect to the Mortgaged Property, (2) proceeds from any payment and performance bond maintained pursuant to the Contract, (3) proceeds of any condemnation award arising out of the condemnation of all or any portion of the Mortgaged Property or (4) proceeds from any sale or lease of the Mortgaged Property pursuant to the Deed of Trust or otherwise subsequent to an Event of Default, the amount remaining after deducting from the gross proceeds thereof all expenses (including, without limitation, attorneys' fees, costs and expenses) incurred in the collection of such proceeds.

"*Opinion of Counsel*" means an opinion in writing of legal counsel, who may be counsel to the Trustee, the County or the Corporation.

"*Outstanding*" or "*Bonds Outstanding*" means, as of the date in question, all Bonds which have been executed and delivered under the Indenture, except:

(a) Bonds canceled or which have been surrendered to the Trustee for cancellation;

(b) Bonds in lieu of which other Bonds have been authenticated under the Indenture;

(c) Bonds which have been prepaid as provided in the Indenture (including Bonds prepaid on a partial payment as provided in the Indenture); and

(d) Bonds which have been deemed paid under the Indenture.

"*Owner*" or "*Owners*" means, initially, Cede & Co., as nominee for DTC, and if the book entry system of evidence and transfer of ownership in the Bonds is discontinued, the registered owner or owners of any Bond fully registered as shown in the registration books of the Trustee.

"*Payment Schedule*" means the document attached to the Contract which sets forth the County's Installment Payments.

"*Permitted Investments*" means investments which are qualified under Section 159-30, or any replacement statute, of the General Statutes of North Carolina, as amended from time to time.

"*Person*" or "*person*" means natural persons, firms, associations, corporations and public bodies.

"*Prepayment Fund*" means the special fund of that name created under the Indenture.

"*Projects*" means the 2023A Projects, the 2024 Projects, and any other projects financed or refinanced with Additional Bonds.

"*Purchase Price*" means the amount advanced by the Corporation to enable the County to finance the Projects under the terms of the Contract, as such price may be adjusted in connection with the execution and delivery of Additional Bonds under the 2023 Indenture.

"*Rebate Fund*" means the special fund of that name created under the Indenture.

"*Record Date*" means the fifteenth day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

"*Revenues*" means (a) all Net Proceeds not applied to the replacement of the Mortgaged Property; (b) all Installment Payments; and (c) all investment income on all funds and accounts created under the Indenture (other than the Rebate Fund).

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, "*S&P*" will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"*State*" means the State of North Carolina.

"*Tax Certificate*" means the Tax Certificate executed by and among the County, the Corporation and the Trustee to signify the acceptance of certain covenants and obligations necessary for the exclusion of interest with respect to the 2024 Bonds from the gross income of the owners thereof under the Code.

"*Trustee*" means The Bank of New York Mellon Trust Company, N.A., acting in the capacity of trustee for the Owners pursuant to the Indenture, and any successor thereto appointed under the Indenture.

"*Trust Estate*" means the property pledged and assigned to the Trustee pursuant to and defined as such in the granting clauses of the Indenture.

"*Trustee Representative*" means the person or persons at the time designated to act on behalf of the Trustee for purposes of performing any act on behalf of the Trustee under the Indenture by a written certificate furnished to the County and the Corporation containing the specimen signature of such person or persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee.

"*2023 Contract*" means the Installment Financing Contract dated as of May 1, 2023 between the Corporation and the County.

"*2023 Indenture*" means the Indenture of Trust dated as of May 1, 2023 between the Corporation and the Trustee and any amendments or supplements thereto.

"*2023A Bonds*" means the Limited Obligation Bonds (County of Dare, North Carolina), Series 2023A evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract, executed and delivered under the 2023 Indenture.

"*2023A Projects*" means (a) the construction, renovation, and improvements to various EMS stations throughout the County, including the KDH Facility and a County EMS Station in the Town of

Southern Shores, and (b) the construction of a new airport hangar for Dare MedFlight, including crew quarters.

"*2024 Bonds*" means the Limited Obligation Bonds (County of Dare, North Carolina), Series 2024, Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues Pursuant to the Contract, to be executed and delivered under the First Supplement and the 2023 Indenture.

"*2024 Projects*" means (a) the construction and equipping of a new youth center in the Town of Manteo, and (b) the construction and equipping of EMS stations in Manns Harbor and the Town of Kitty Hawk.

"*Underwriters*" means, with respect to the 2024 Bonds, Piper Sandler & Co. and PNC Capital Markets LLC.

THE CONTRACT

Advancement. In the Contract, the Corporation agrees to make an advance to the County of the Purchase Price, and the County accepts from the Corporation the Purchase Price to be applied in accordance with the terms and conditions of the Contract. The County will use the proceeds of the Purchase Price to finance the Projects and to pay certain costs incurred in connection with the execution and delivery of the Bonds.

Title; Release of Security Interest. Title to the Mortgaged Property and any and all additions, repairs, replacements or modifications thereto will be in the County from and after the date of execution and delivery of the Contract. The County will own the Mortgaged Property free and clear of any lien or security interest created by the Contract and the Deed of Trust, as applicable, on the repayment in full of the Purchase Price and the payment of all other amounts due under the Contract. The County will deliver to the Trustee the Deed of Trust simultaneously with the execution and delivery of the Contract and will cause the Deed of Trust to be recorded in the Dare County Register of Deeds. On payment in full of all of the County's obligations under the Contract, including the Purchase Price and all other payments due under the Contract, the Corporation or its assignee, at the County's expense and request, will discharge the Indenture and release the lien on the Mortgaged Property, at which time the Contract will terminate.

Installment Payments; Additional Payments. As consideration for the Corporation's advance of the Purchase Price to the County, the County shall repay to the Trustee, as assignee of the Corporation under the Indenture, the Purchase Price in installments with interest as provided in the Contract and the Payment Schedule attached to the Contract (each an "*Installment Payment*"). Each installment shall be deemed to be an Installment Payment and shall be paid in the amounts and at the times set forth on the Payment Schedule except as provided in the Contract. There shall be credited against the amount of Installment Payments otherwise payable under the Contract amounts equal to (1) earnings derived from the investment of the Bond Fund and the Prepayment Fund and (2) any other money not constituting Installment Payments required to be deposited in the Bond Fund. Installment Payments shall be sufficient in the aggregate to repay the Purchase Price together with interest thereon. As further consideration for the Corporation's advance of the Purchase Price to the County, the County shall also pay the Additional Payments, as required in the Contract, on a timely basis directly to the person or entity to which such Additional Payments are owed.

Limited Obligation of the County. NOTWITHSTANDING ANY PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST WHICH MAY BE TO THE CONTRARY, NO PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE.

NO PROVISION OF THE CONTRACT, THE DEED OF TRUST OR THE INDENTURE SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS NOR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THE CONTRACT, THE DEED OF TRUST AND THE INDENTURE SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE CONTRACT IS IN EFFECT; PROVIDED, HOWEVER, ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THE CONTRACT WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR BREACH OF A CONTRACTUAL OBLIGATION UNDER THE CONTRACT, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY DUE UNDER THE CONTRACT. NO PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST SHALL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE COUNTY'S MONEY, NOR SHALL ANY PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST RESTRICT THE FUTURE ISSUANCE OF ANY OF THE COUNTY'S BONDS OR OBLIGATIONS PAYABLE FROM ANY CLASS OR SOURCE OF THE COUNTY'S MONEY. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS PROVISION AND ANY OTHER PROVISION OF THE CONTRACT, THE INDENTURE OR THE DEED OF TRUST, THIS PROVISION SHALL TAKE PRIORITY.

Prepayment of Purchase Price.

(a) If the County has performed all of its obligations under the Contract, then it shall have the option to prepay or provide for the prepayment of the Purchase Price related to the 2023A Bonds as set forth in the 2023 Indenture, in full or in part in the amount of $5,000 or any integral multiple thereof on 45 days' notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2023A Bonds, plus accrued interest to the prepayment date.

(b) If the County has performed all of its obligations under the Contract, then it shall have the option to prepay or provide for the prepayment of the Purchase Price related to the 2024 Bonds as set forth in the First Supplement, in full or in part in the amount of $5,000 or any integral multiple thereof on 45 days' notice to the Trustee, at a prepayment price equal to the then applicable prepayment price of the 2024 Bonds, plus accrued interest to the prepayment date.

(c) If the Purchase Price is partially prepaid, then the Trustee shall recalculate the Payment Schedule as necessary in the manner required by the Indenture.

Damage, Destruction or Condemnation; Use of Net Proceeds. If, during the term of the Contract, (1) any portion of the Mortgaged Property is destroyed or damaged by fire or other casualty; (2) title to or the temporary or permanent use of any portion of the Mortgaged Property or the estate of the County or the Corporation or its assignee in any portion of the Mortgaged Property is taken under the power of eminent domain by any governmental authority; (3) a material defect in construction of any portion of the Mortgaged Property becomes apparent; or (4) title to or the use of any portion of the Mortgaged Property is lost by reason of a defect in title thereto, then the County continues to be obligated, subject to the provisions set forth below, to pay the amounts specified in the Contract at the respective times required and written notice of any of the foregoing shall promptly be given to the Trustee.

Subject to the provisions set forth below, the County shall direct the Trustee in writing to cause the Net Proceeds of any insurance policies, performance or payment bonds, if any, condemnation awards or Net Proceeds made available by reason of any occurrence described above, to be deposited in a separate fund held by the Trustee. Except as set forth below, all Net Proceeds so deposited will be applied to the prompt repair, restoration, modification, improvement or replacement of the Mortgaged Property on receipt of requisitions approved by a County Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or corporation to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the Acquisition and Construction Fund or such separate fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee will cooperate with the County in the administration of such separate fund and shall not unreasonably withhold its approval of requisitions under this paragraph. The Trustee shall be fully protected in releasing amounts approved by the County Representative and the Trustee has no duty or obligation to determine whether or not any such requisitioned amounts are appropriate. If the Net Proceeds (plus any amount withheld therefrom by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Mortgaged Property, the County may complete the work and pay any cost in excess of the amount of the Net Proceeds, and the County agrees that, if by reason of any such insufficiency of the Net Proceeds, the County will make any payments pursuant to the provisions of this paragraph, the County is not entitled to any reimbursement therefor from the Corporation, the Trustee or the Owners nor is the County entitled to any diminution of the amounts payable under the Contract. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds will be the property of the County, subject to the Deed of Trust to the extent it relates to the Mortgaged Property, and will be included as part of the Mortgaged Property as set forth in the Contract.

On the occurrence of an event described above with respect to the Mortgaged Property, the County may elect not to repair, restore, improve or replace the affected portion of the Mortgaged Property if (1) (a) the Net Proceeds are less than $1,000,000 and (b) a County Representative certifies to the Corporation that such Net Proceeds are not necessary to restore the affected portion of the Mortgaged Property to its intended use or (2) the County uses the Net Proceeds, together with any other available funds of the County that may be necessary, to redeem or defease all of the Outstanding Bonds in accordance with the terms of the Indenture. In such event, the County shall direct the Trustee in writing to either deposit such Net Proceeds in the Bond Fund to be applied toward the next payment of principal and interest with respect to the Bonds or in the Prepayment Fund or an escrow fund to effect the prepayment or defeasance of the Outstanding Bonds, as the case may be.

Within 90 days of the occurrence of an event specified above, the County will commence the repair, restoration, modification, improvement or replacement of the Mortgaged Property, or will elect, by written notice to the Trustee, to proceed under the provisions of the immediately preceding paragraph. For purposes of these provisions, "commence" will include the retention of an architect or engineer in anticipation of repair, restoration, modification, improvement or replacement of the Mortgaged Property.

Care and Use. Subject to the provisions of applicable law and the terms of the Contract, the County shall use the Mortgaged Property in a careful and proper manner, in compliance with all applicable laws and regulations, and, at its sole cost and expense, shall service, repair and maintain the Mortgaged Property so as to keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended, ordinary wear and tear excepted. The County shall replace any part of the Mortgaged Property as may from time to time become worn out, unfit for use, lost, stolen, destroyed or damaged, if necessary to the proper operation of the Mortgaged Property. Any and all additions to or replacements of the Mortgaged Property and all parts thereof shall constitute accessions to the Mortgaged Property and shall be subject to all the terms and conditions of the Contract and included in the term "*Mortgaged Property*" and as used in the Contract.

General Tax Covenant. In the Contract, the County covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest portion of the Installment Payments created by the Contract and allocable to the 2024 Bonds under Section 103 of the Code. The County will not directly or indirectly use or permit the use of any proceeds of any fund created under the Indenture allocable to the 2024 Bonds, or take or omit to take any action that would cause the obligation created by the Contract and allocable to the 2024 Bonds to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. To that end, the County and the Corporation have executed the Tax Certificate and will comply with all requirements of Section 148 of the Code to the extent applicable. The County further represents and covenants that the Installment Payments created by the Contract and allocable to the 2024 Bonds are not and will not constitute a "private activity bond" as defined in Section 141 of the Code.

Property Insurance. The County shall continually maintain or cause to be maintained insurance to the full insurable value of the Mortgaged Property against, to the extent commercially available at a reasonable cost, loss by fire, wind damage, hazards customarily included in the term "extended coverage" with responsible and reputable insurance companies and shall promptly pay all premiums therefor when due. All insurance policies and renewals thereof shall name the Corporation and the Trustee as parties insured thereunder, as the respective interests of each of such parties may appear, and have attached thereto a mortgagee long form loss payable clause in favor of the Trustee, and provide that no such policy can lapse or be canceled, substantially modified or terminated without at least 30 days prior notice to the Trustee and that any loss payable thereunder shall be made payable and shall be applied as provided in the Contract. In the event of loss, the County shall give immediate written notice by mail to the Trustee, who may, but shall not be obligated to, make proof of loss. In the event of a foreclosure of the Deed of Trust or other transfer of title to the Mortgaged Property, all right, title and interest of the County in any insurance policies then in force shall pass to the Trustee. Additionally, during the term of the Contract, the County shall continually maintain standard liability insurance as is customarily maintained by like entities with respect to facilities similar to the Mortgaged Property.

The County may provide for and maintain the insurance required under the Contract partially or wholly by means of an adequate risk retention fund. Reserves for a risk retention fund shall be determined by using actuarial principles. Any risk retention fund shall be reviewed annually by the County's risk manager or an independent insurance consultant or actuarial consultant. The Trustee shall conclusively rely on a letter of the County's risk manager or an independent insurance consultant or actuarial consultant as to the adequacy of any risk retention fund. The Trustee has made no evaluation as to the sufficiency of the insurance requirements set forth in the Contract.

Assignment. The County may not sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance on or against any interest in the Contract or the Mortgaged Property (except for permitted encumbrances under the Contract) without the prior written consent of the Trustee. Notwithstanding the foregoing, the County may lease all or a portion of the Mortgaged Property subject to the following conditions:

(a) the obligation of the County to make Installment Payments and Additional Payments under the Contract will remain obligations of the County;

(b) the County will furnish or cause to be furnished to the Trustee a true and complete copy of such lease at least 30 days before the execution and delivery of any such lease;

(c) no lease will cause the interest component of Installment Payments relating to any Bonds intended to be excludable from gross income of the recipient thereof for federal income tax purposes to become includable in gross income for federal income tax purposes; and

(d) the Trustee may request to receive an Opinion of Counsel to the County to the effect that such lease is subordinate in all respects to the lien of the Deed of Trust and that such lease is subject to immediate termination at the direction of the Trustee following an Event of Default by the County under the Contract.

Amendments and Modifications.

--*Without Consent of the Owners.* The Indenture provides that the Corporation and the Trustee may, with the written consent of the County, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Contract or the Deed of Trust as may be required (a) by the provisions of the Contract, the Deed of Trust or the Indenture; (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Contract or the Deed of Trust; (c) to more precisely identify the Mortgaged Property or to add or substitute improvements acquired in accordance with the Contract, the Deed of Trust and the Indenture; (d) to execute and deliver Additional Bonds as provided in the Indenture; (e) to amend the County's continuing disclosure obligation as provided in any supplement or amendment to the Contract; or (f) in connection with any other change therein which does not materially adversely affect the interests of the existing Owners.

--*With Consent of the Owners.* The Indenture provides that, except for the amendments, changes or modifications permitted by the above provision, neither the Corporation nor the Trustee will consent to any other amendment, change or modification of the Contract or the Deed of Trust without the giving of notice thereof to the LGC and to the Owners and receipt of consent by the LGC and by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Indenture. If the County and the Corporation request the consent of the Trustee to any such proposed amendment, change or modification of the Contract or the Deed of Trust, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Indenture. Such notice will be prepared by the County or the Corporation, shall briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Owners.

The consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Events of Default. The occurrence of the following are considered Events of Default under the Contract:

(a) The County fails to make any Installment Payment on the date such Installment Payment is due under the Contract;

(b) The County fails to budget and appropriate money sufficient to pay all Installment Payments and the reasonably estimated Additional Payments coming due in any Fiscal Year;

(c) The County fails to perform or observe any term, condition or covenant of the Contract on its part to be observed or performed, other than as referred to in (a) or (b) above, or of the Deed of Trust on its part to be observed or performed, or breaches any warranty by the County therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Trustee unless the Trustee agrees in writing to an extension of such time prior to its expiration; provided, however, that if the failure cannot be corrected within the stated period, the Trustee will not unreasonably withhold consent for an extension;

(d) Any bankruptcy, insolvency or reorganization proceedings or similar litigation, is instituted by the County, or a receiver, custodian or similar officer is appointed for the County or any of its property, and such proceedings or appointments are not vacated or fully stayed within 90 days after the institution or occurrence thereof; or

(e) Any representation or statement made by the County in the Contract, in the Deed of Trust or in any other document executed or delivered in connection therewith is found to be incorrect or misleading in any material respect on the date made.

Remedies on Default. On the occurrence of any Event of Default, the Trustee may, and if required by a majority in aggregate principal amount of the Owners of the Bonds, the Trustee shall, to the extent permitted by applicable law and the Contract, exercise any one or more of the following remedies as the Trustee shall elect or as shall be directed in writing by a majority in aggregate principal amount of the Owners of the Bonds:

(a) Declare the unpaid portion of the principal and interest components of Installment Payments immediately due and payable without notice or demand to the County;

(b) Proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Contract or to recover for the breach thereof; or

(c) Exercise or direct the Deed of Trust trustee to exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the Contract and the Deed of Trust including, without limitation, to the extent permitted by law, re-enter and take possession of the Mortgaged Property without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, costs and expenses incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under the Contract and, thereafter, shall pay any remaining proceeds to the County.

NOTWITHSTANDING ANY OTHER PROVISIONS IN THE CONTRACT TO THE CONTRARY, IT IS THE INTENT OF THE PARTIES TO THE CONTRACT TO COMPLY WITH GENERAL STATUTES OF NORTH CAROLINA SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN VIOLATION OF SECTION 160A-20 INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT.

THE INDENTURE

Funds and Accounts. The Indenture creates (1) the Bond Fund; (2) the Prepayment Fund; (3) the Rebate Fund; and (4) the Acquisition and Construction Fund, to be held in trust by the Trustee.

--The Bond Fund. There has been created and established with the Trustee a special fund to be designated "*County of Dare 2023 Installment Financing Contract Bond Fund*" (the "*Bond Fund*"), the money in which shall be used to pay the principal, premium, if any, and interest with respect to the Bonds. Within the Bond Fund, the Indenture creates and establishes an Interest Account and a Principal Account, the money in each of which is to be used as set forth in "*—Use of Money in Bond Fund*" below. A "*2024*

Subaccount of the Interest Account" has been created within the Interest Account of the Bond Fund. A "*2024 Subaccount of the Principal Account*" has been created within the Principal Account of the Bond Fund.

--*The Interest Account*. There shall be deposited into the Interest Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as interest under the Contract; (2) investment earnings on the Bond Fund and the Prepayment Fund, as provided in the Indenture; (3) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default to the extent required to pay the next installment of interest or any previous installment of interest not paid; (4) all money required to be deposited therein in accordance with the Indenture; and (5) all other money received by the Trustee under the Indenture accompanied by written directions from the County that such money is to be deposited into the Interest Account of the Bond Fund. The Trustee shall credit all amounts deposited into the Interest Account of the Bond Fund, including the amounts set forth in the Contract, toward the interest component of the Installment Payment then due and payable under the Contract. The Trustee shall notify the County of all amounts credited toward such Installment Payments within 30 days of such credit.

--*The Principal Account*. There shall be deposited into the Principal Account of the Bond Fund (1) that portion of each payment of Installment Payments which is designated and paid as principal with respect to the Bonds under the Contract; (2) Net Proceeds from any lease of the Mortgaged Property, including after an Event of Default after the deposit described under the first paragraph of the caption "--*The Interest Account*" above; (3) all money required to be deposited therein in accordance with the Indenture; and (4) all other money received by the Trustee under the Indenture accompanied by directions from the County that such money is to be deposited into the Principal Account of the Bond Fund.

--*Use of Money in Bond Fund.* Money in the Interest Account of the Bond Fund shall be used for the payment of the interest with respect to the Bonds as the same becomes due and payable. Money in the Principal Account of the Bond Fund shall be used for the payment of the principal with respect to the Bonds. Investment earnings on money on deposit in the Interest Account and Principal Account of the Bond Fund shall be applied to the next payment of Installment Payments with respect to the Bonds. If the Bonds are to be prepaid in whole pursuant to the Indenture, any money remaining in the Interest Account and the Principal Account of the Bond Fund shall be applied to such prepayment along with other money held by the Trustee for such purpose.

--*The Prepayment Fund.* There has been created and established with the Trustee a special fund to be designated the "*County of Dare 2023 Installment Financing Contract Prepayment Fund*" (the "*Prepayment Fund*"). A "*2024 Account*" has been created within the Prepayment Fund. The Trustee shall deposit into the Prepayment Fund money provided by the County as a prepayment of Installment Payments. Money on deposit in the Prepayment Fund shall be disbursed for prepayment of the Bonds as provided in the Indenture. Any income from investment of money in the Prepayment Fund shall be deposited into the Interest Account of the Bond Fund and applied to the interest component of the next payment of the Installment Payments. Whenever any money on deposit in the Prepayment Fund is disbursed for prepayment of less than all of the Outstanding Bonds, the Installment Payments set forth in the Contract shall be recalculated by or on behalf of the County to reflect the reduction in the outstanding principal amount of the Bonds after such prepayment and the County will promptly notify the Trustee in writing of such recalculation.

--*The Rebate Fund.* If the County informs the Trustee that funds are to be set aside in a separate account of the Trustee to be held for the payment of rebate payments to the Federal Government pursuant to the terms of the Tax Certificate, the Trustee shall create and establish the "*County of Dare 2023 Installment Financing Contract Rebate Fund*" (the "*Rebate Fund*") and a "*2024 Account*" within the Rebate Fund. The Trustee shall deposit in the Rebate Fund the amounts as directed by the County. The County shall make or cause to be made the calculation or calculations required by the Tax Certificate and shall direct the Trustee in writing to make deposits and disbursements from the Rebate Fund in accordance therewith. The Trustee shall invest the Rebate Fund as directed in writing by the County. The Rebate Fund is a trust fund, but amounts therein do not constitute part of the Trust Estate.

--The Acquisition and Construction Fund. There has been created and established with the Trustee a special fund to be designated "*County of Dare 2023 Installment Financing Contract Acquisition and Construction Fund*" (the "*Acquisition and Construction Fund*") and within the Acquisition and Construction Fund, a separate account designated the "*2024 Account.*" The Trustee shall deposit in the 2024 Account the amount set forth in the Indenture. In addition, the Trustee shall deposit into the Acquisition and Construction Fund such amounts as the County may designate in a certificate signed by a County Representative in connection with the execution and delivery of Additional Bonds under the Indenture. Any money held in the Acquisition and Construction Fund or any account thereof shall be invested and reinvested by the Trustee at the direction of the County in accordance with the Indenture, and the income therefrom shall be retained in the Acquisition and Construction Fund or any account thereof and used (together with all other money held in the Acquisition and Construction Fund) to pay the Cost of Acquisition and Construction attributable to the Projects and otherwise, as directed by the County in accordance with the Contract. The Trustee shall create additional accounts within the Acquisition and Construction Fund on the County's written direction.

Investment of Money. All money held as part of the Bond Fund, the Prepayment Fund, the Acquisition and Construction Fund or any other fund or account created under the Indenture or the Contract except the Rebate Fund will be deposited or invested and reinvested from time to time by the Trustee, at the written direction of the County as agent of the Corporation, in deposits or investments, which are certified by the County to be Permitted Investments subject to the following restrictions:

(a) Money in the Acquisition and Construction Fund shall be invested only in obligations which will by their terms mature not later than the date the County estimates, in a writing provided to the Trustee, the money represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund;

(b) Money in the Bond Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that on the date of each interest and principal payment, there will be in the Bond Fund from matured obligations and other money already in the Bond Fund, cash to pay the interest and principal payable on such payment date; and

(c) Money in the Prepayment Fund shall be invested in obligations which will by their terms mature, or will be subject to prepayment at the option of the owner thereof, on or before the date funds are expected to be required for expenditure or withdrawal.

The Rebate Fund shall be invested and reinvested by the Trustee, at the written direction of the County. The County acknowledges that such investment direction is required to comply with the terms of the Tax Certificate.

If the County fails to provide the Trustee with written investment direction for any funds held by the Trustee under the Indenture, then the Trustee will hold such amounts uninvested in cash and without liability for interest. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee and may charge its ordinary and customary fees for such investments, as agreed to by the County. The Trustee is specifically authorized to enter into agreements with itself or any other person, which agreements guarantee the repurchase of specific Permitted Investments at specific prices. Except as expressly provided in the Indenture, deposits or investments, shall at all times be a part of the fund or account from which the money used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. In computing the amount in any fund or account held under the provisions of the Indenture, obligations purchased as a deposit or investment of money therein shall be valued at the market price thereof, exclusive of accrued interest. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in any fund or account created under the Indenture is insufficient to satisfy the purposes of such fund or account.

Additional Bonds. So long as the Contract remains in effect and no Event of Default has occurred and is continuing, Additional Bonds may be executed and delivered on the terms and conditions provided in the Indenture.

Additional Bonds may be delivered by the Trustee at the written direction of the Corporation to provide funds to pay: (1) the cost of expanding the Projects, acquiring, constructing, renovating and equipping other facilities or acquiring equipment and other capital assets for utilization by or on behalf of the County for public purposes; (2) the cost of refunding of all or any portion of the Bonds then Outstanding or any other financing obligations of the County; and (3) the Costs of Issuance relating to the execution, delivery and sale of the Additional Bonds.

Additional Bonds may be executed and delivered only on there being filed with the Trustee:

(a) Originally executed counterparts of a supplemental indenture and an amendment to the Contract adopted in accordance with the requirements of the Indenture and approved by the LGC, if so required by law, including requirements regarding approval of the Owners, if applicable, expressly providing that the Additional Bonds being executed and delivered as well as any Bonds and Additional Bonds theretofore executed and delivered will be secured on a parity as provided in the Indenture, except that the date or dates of the Additional Bonds, the rate or rates of interest with respect to the Additional Bonds, the time or times of payment of interest with respect thereto and the principal amount thereof, and provisions for the prepayment thereof, if any, all will be as provided in the supplemental indenture and amendment to the Contract, and further providing for an increase in the Purchase Price and the Installment Payments required or authorized to be paid to the Trustee under the Contract in such amount as will be necessary to pay (assuming that no Event of Default will occur), the principal, premium, if any, and interest with respect to the Additional Bonds.

(b) A written opinion or opinions of nationally recognized bond counsel and mutually acceptable to the County and the Corporation, to the effect that the amendment to the Contract and the execution and delivery of the Additional Bonds have been duly authorized, that the amendment to the Contract is valid and enforceable against the County and, to the extent applicable, that the exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments will not be adversely affected by the execution and delivery of the Additional Bonds, and that the execution, sale, and delivery of the Additional Bonds will not constitute a default under the Contract or the Indenture or cause any violation of the covenants, agreements or representations under the Contract or the Indenture.

(c) A written order to the Trustee to deliver the Additional Bonds to the purchaser or purchasers therein identified on payment to the Trustee of a specified sum plus accrued interest, if any.

Each of the Additional Bonds executed and delivered pursuant to the Indenture will evidence a proportionate undivided interest in rights to receive certain Revenues under the Contract, as amended, proportionately and ratably secured with the 2023A Bonds, the 2024 Bonds, and all other Additional Bonds, if any, executed and delivered pursuant to the Indenture, without preference, priority or distinction of any 2023A Bond, 2024 Bond or Additional Bond over any other.

Supplemental Indentures.

--*Consent of Owners Not Required.* The Trustee and the Corporation may, with the written consent of the County, but without the consent of, or notice to, the Owners, enter into such indentures supplemental to the Indenture for any one or more or all of the following purposes:

(a) To add to the covenants and agreements of the Corporation contained in the Indenture other covenants and agreements to be thereafter observed by the Corporation or to surrender any rights or powers herein reserved to or conferred upon the Corporation which are not contrary to or inconsistent with the Indenture as then in effect;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Owners;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee which are not contrary to or inconsistent with the Indenture as then in effect or to subject to the pledge and lien of the Indenture, additional revenues, properties, or collateral;

(d) To modify, alter, supplement or amend the Indenture in such manner as shall permit the qualification of the Indenture, if required, under the Trust Indenture Act of 1939 or, the Securities Act of 1933, as from time to time amended, or any similar federal statute hereafter in effect;

(e) To make any other change to the Indenture that is determined by the Trustee to be not materially adverse to the interests of the Owners and which does not involve a change requiring consents of specific Owners; or

(f) To execute and deliver Additional Bonds as provided in the Indenture.

--*Consent of Owners Required.* Exclusive of supplemental indentures covered under the caption "--*Consent of Owners Not Required*" above, the written consent of the County and the LGC and the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding is required for the execution by the Corporation and the Trustee of any indenture or indentures supplemental to the Indenture; provided, however, that (1) if such supplemental indenture will, by its terms, not take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Indenture, and (2) without the consent of the LGC and the Owners of all the Bonds at the time Outstanding affected thereby nothing contained in the Indenture will permit, or be construed as permitting:

(a) A change in the terms of prepayment or maturity of the principal amount of or the interest with respect to any Outstanding Bond, or a reduction in the principal amount of or premium payable on any prepayment of any Outstanding Bond or the rate of interest with respect thereto;

(b) The deprivation of the Owner of any Bond then Outstanding of the lien created by the Indenture (other than as originally permitted thereby);

(c) A privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

If at any time the County or the Corporation requests the Trustee to enter into such supplemental indenture for any of the purposes described above, the Trustee will, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail to the Owners of the Bonds then Outstanding at the address shown on the registration books maintained by the Trustee (or by such other method as permitted by the Owners). Such notice will be prepared by the County or the Corporation, will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as is prescribed by the County following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner will have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

The consent by the purchaser of a series of Additional Bonds constitutes the consent of the Owners of that series of Additional Bonds.

Any consent or request by the Owners of any Bond is conclusive and binding on such Owner and on all future Owners of the Bonds and of any Bonds executed and delivered on the transfer of any Bond, whether or not notation of such consent or request is made on the Bond.

--Consent of Initial Purchaser, Underwriter or Remarketing Agent. Notwithstanding anything in the Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required by the Indenture, including any amendment or supplemental indenture that adversely affects the interests of other Owners and (2) any such holder providing its consent will not be entitled to receive, nor will the County be required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

Exclusion of Bonds Held By or For the County and the Corporation. In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds owned by the County and the Corporation will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee is protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee actually knows to be so owned will be disregarded.

Events of Default. Any of the following events are defined as and shall be deemed an "*Event of Default*" under the Indenture:

(a) Default in the payment of the principal or premium, if any, with respect to any Bond when the same becomes due and payable, whether at the stated maturity thereof or as a sinking fund prepayment or on proceedings for prepayment for which notice of such prepayment was not a conditional notice.

(b) Default in the payment of any installment of interest with respect to any Bond when the same becomes due and payable.

(c) The occurrence of an "*Event of Default*" under the Contract.

Remedies on Default.

(a) On the occurrence and continuance of an Event of Default, the Trustee may, and shall, if required in writing by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the County, declare the obligations of the County as to the principal and interest components of Installment Payments and the aggregate principal amount of the Bonds and the accrued interest with respect thereto to be immediately due and payable, whereupon they will, without further action, become due and payable.

(b) The provisions of the preceding paragraph are subject, to the condition that if, after the principal with respect to any of the Installment Payments and the Bonds has been so declared to be due and payable, and before the earlier of (1) the exercise of rights granted under the Deed of Trust or (2) to the extent permitted by applicable law and the Indenture, any judgment or decree for the payment of the money due has been obtained or entered as provided in the Indenture, the defaulting party (the "*Defaulting Party*") shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal and interest with respect to all Bonds which have become due otherwise than by reason of such declaration (with interest on such overdue installments of principal and interest, to the extent permitted by law, at the rate or rates per annum borne by the Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Indenture other than nonpayment of the principal or interest with respect to the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of paragraph (a) are further subject to the condition that any waiver of any event of default under the Contract and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under the Indenture and a rescission and annulment of the consequences thereof. If notice of such event of default under the Contract has been given as provided in the Indenture, the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) On the occurrence and continuance of any Event of Default and on the written direction of Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding and receipt of indemnity to the Trustee's satisfaction, the Trustee shall, to the extent permitted by the Indenture and applicable law, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Defaulting Party to carry out any agreements with or for the benefit of the Owners and to perform its or their duties under the Contract and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Contract or the Indenture, as the case may be;

(2) take whatever action at law or in equity is permissible and may appear necessary or desirable to enforce its rights against the Defaulting Party or the Mortgaged Property held as security therefor, including exercising its rights under the Deed of Trust.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee is obligated to exercise, to the extent permitted applicable law and subject to the Indenture, such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Application of Money. All money received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture (other than amounts in the Rebate Fund) after an Event of Default shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the outstanding fees of the Trustee and the costs, expenses, liabilities and advances incurred or made by the Trustee, including the reasonable fees, costs, and expenses of its agents and counsel, be deposited in the Bond Fund and applied as follows:

(a) Unless the principal with respect to all of the Bonds have become or have been declared due and payable, all such money shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due with respect to the Bonds, in the order of the maturity of the installments of such interest beginning with the earliest such maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal and premium, if any, with respect to any of the Bonds which have become due (other than Bonds matured or called for prepayment for the payment of which money is held pursuant to the provisions of the Indenture), in the order of their due dates and beginning with the earliest due date, and, if the amount available is not sufficient to pay in full the principal of such Bonds due on any particular date, then to the payment, ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto of interest on overdue installments of principal, premium, if any, and interest, to the extent permitted by law, and if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such particular installment, to the persons entitled thereto, without any discrimination or privilege; and

FOURTH - To be held for the payment to the persons entitled thereto, as the same become due, of the principal, premium, if any, and interest with respect to the Bonds which may thereafter become due in accordance with the terms of the Indenture.

(b) If the principal with respect to all of the Bonds has become due or has been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid with respect to the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law.

Whenever money is to be applied pursuant to the provisions described above, such money shall be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee applies such funds, it shall fix the date (which shall be an Interest Payment Date unless it deems another date more suitable) on which such application is to be made and on such date interest with respect to the amounts of principal to be paid on such dates, and for which money is available, shall cease to accrue. The Trustee shall also select a new record date for such payment date. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such record date and payment date, and shall not be required to make payment to the Owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal, premium, if any, and interest with respect to all of the Bonds have been paid and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the County.

Defeasance. If, when the Bonds secured by the Indenture become due and payable in accordance with their terms or otherwise as provided in the Indenture, the whole amount of the principal, premium, if any, and interest due and payable with respect to all of the Bonds shall be paid or provision has been made for the payment of the same, together with all other sums payable under the Indenture, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Corporation to the Trustee and the Owners shall then cease, terminate and become void and be discharged and satisfied. In such event, on the written request of the County, the Trustee shall transfer and convey to the County all property assigned or pledged to the Trustee by the Corporation then held by the Trustee pursuant to the Indenture, and the Trustee shall execute such documents as may be reasonably required by the County and shall turn over to the County any surplus in any fund created under the Indenture other than the Rebate Fund and unclaimed funds set aside pursuant to the Indenture.

Outstanding Bonds shall, before the maturity or prepayment date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if (a) in case said Bonds are to be prepaid on any date before their maturity, the County has given to the Trustee in form satisfactory to the Trustee irrevocable instructions to give on a date, in accordance with the provisions of the Indenture, notice of prepayment of such Bonds on said prepayment date, (b) there has been deposited with the Trustee either money in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide money which, together with the money, if any, deposited with or held by the Trustee at the same time, sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to said Bonds on and before the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to prepayment within the next 60 days, the County has given the Trustee in form satisfactory to it (1) irrevocable instructions to give, as soon as practicable in the same manner as the notice of prepayment is given pursuant to the Indenture, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or prepayment date on which money is to be available for the payment of the principal, premium, if any, and interest with respect to said Bonds, (2) verification from an independent accountant or other nationally recognized expert selected by the County that the money or Federal Securities deposited with the Trustee will be sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to the Bonds on and before the prepayment date or maturity date thereof, and (3) an opinion of nationally recognized bond counsel selected by the County that, to the extent applicable, such deposit of money or Federal Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the applicable Bonds. Neither the Federal Securities nor money deposited with the Trustee pursuant to the Indenture or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and such Federal Securities or money shall be held in trust for, the payment of the principal, premium, if any, and interest with respect to said Bonds; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Federal Securities of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient (together with any other money or Federal Securities then held by the Trustee as described above) to pay when due the principal, premium, if any, and interest to become due with respect to said Bonds on or before such prepayment date or maturity date thereof, as the case may be. At such time as any Bonds shall be deemed paid as aforesaid, such Bonds shall no longer be secured by or entitled to the benefits of the Indenture and the Contract, except for the purpose of exchange and transfer and any payment from such money or Federal Securities deposited with the Trustee.

The release of the obligations of the Corporation described in the preceding paragraph is without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it under the Indenture and all its reasonable expenses, charges and other disbursements incurred with respect to the administration of the trust created by the Indenture and the performance of its powers and duties under the Indenture.

THE DEED OF TRUST

Deed of Trust and Security Interest. To secure (1) the obligations of the County to make the Installment Payments and (2) the payment and performance of all the other liabilities and obligations, whether now existing or hereafter arising, of the County to the Corporation under the Contract and the Deed of Trust, the County has granted and conveyed to the Deed of Trust Trustee for the benefit of the Beneficiary, its successors and assigns all right, title and interest that the County now has or may hereafter acquire in the Mortgaged Property as more fully described in the Deed of Trust.

County's Continuing Obligation. The County will remain liable for full payment and performance, as the case may be, of all obligations secured by the Deed of Trust, notwithstanding the occurrence of any event or circumstance whatsoever. However, no deficiency judgment may be rendered against the County in favor of the Beneficiary in violation of Section 160A-20 of the North Carolina General Statutes, including, without limitation, any deficiency judgment for amounts that may be owed under the

Contract or the Deed of Trust when the sale of all or any portion of the Mortgaged Property is insufficient to produce enough money to pay in full all remaining obligations under the Contract or the Deed of Trust.

Release of Mortgaged Property. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, the Deed of Trust Trustee must release the Mortgaged Property or any part thereof from the lien and security interest of the Deed of Trust when and if the following requirements have been fulfilled:

(a) In connection with any release of the Mortgaged Property, or any part thereof, there shall be filed with the Beneficiary a certified copy of the resolution of the Board of Commissioners for the County stating the purpose for which the County desires such release of the Mortgaged Property, giving an adequate legal description of the part of the Mortgaged Property to be released, requesting such release and providing for the payment by the County of all expenses in connection with such release.

(b) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, either (1) the tax, insured or appraised value of the Mortgaged Property remaining after the proposed release is not less than 50% of the aggregate principal components of the Installment Payments related to the Bonds then Outstanding under the Indenture or (2) the County (i) provides for the substitution of other real property therefor and the tax, insured or appraised value of the Mortgaged Property remaining after the proposed substitution is not less than the replacement value of the Mortgaged Property (as determined above) immediately before the proposed substitution, (ii) delivers to the Deed of Trust Trustee and the Corporation, or its assignee, an opinion of Bond Counsel to the effect that the substitution (A) is permitted by law and under the Deed of Trust and (B) will not adversely affect the tax treatment of any Outstanding Bonds, and (iii) records a modification to the Deed of Trust reflecting such substitution of the Mortgaged Property.

(c) In connection with the release of any part of the Mortgaged Property constituting less than the entire Mortgaged Property, such release shall not prohibit the County's ingress, egress and regress to and from the remainder of the Mortgaged Property not being released, or materially interfere with the use of the remainder of the Mortgaged Property not being released.

(d) In connection with the release of all property constituting the entire Mortgaged Property, there is paid to the Beneficiary an amount sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Indenture.

Grant and Release of Easements. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, with the consent of the Trustee, which may not unreasonably be withheld, the County may at any time or times grant easements, licenses, rights of way and other rights and privileges in the nature of easements with respect to any part of the Mortgaged Property and the County may release existing interests, easements, licenses, rights of way and other rights or privileges with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument reasonably necessary or appropriate to grant or release any such interest, easement, license, right of way or other right or privilege but only upon receipt of (a) a copy of the instrument of grant or release, (b) a written request of the County requesting such instrument and (c) a certificate executed by the County that the grant or release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor materially decrease the value, of the Mortgaged Property.

Release of Fixtures. Notwithstanding any other provisions of the Deed of Trust, at any time so long as there is no Event of Default, the County may at any time or times release Fixtures to be added to the Mortgaged Property from the security interest created by the Deed of Trust with or without consideration. The Beneficiary agrees that it shall execute and deliver and will cause, request or direct the Deed of Trust Trustee to execute and deliver any instrument reasonably necessary or appropriate to release any such Fixture but only upon receipt of (a) a copy of the instrument of release, (b) a written request of the County requesting such instrument and (c) a certificate executed by the County that the release is not detrimental to the proper conduct of the operations of the County at the Mortgaged Property and will not impair the effective use, nor materially decrease the value, of the Mortgaged Property.

Amendments. See "THE CONTRACT—*Amendments and Modifications*" above.

Events of Default. The term "*Event of Default*" as used in the Deed of Trust, shall mean any one or more of the following events:

(a) The occurrence of any "*Event of Default*" under the Contract; or

(b) Failure by the County to perform or observe any term, condition or covenant of the Deed of Trust on its part to be observed or performed, other than as referred to in (a) above, or breach of any warranty by the County therein contained, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Deed of Trust Trustee or the Beneficiary unless the Deed of Trust Trustee or the Beneficiary agrees in writing to an extension of such time before its expiration; provided, however, that if the failure cannot be corrected within the stated period, the Deed of Trust Trustee or the Beneficiary will not unreasonably withhold consent for an extension.

Acceleration on Default; Additional Remedies. If an Event of Default has occurred and is continuing, the Beneficiary shall, at the written direction of a majority in aggregate principal amount of the Owners of the Outstanding Bonds, declare all Indebtedness to be due and payable and the same shall thereupon become due and payable in accordance with the Contract and the Deed of Trust without any presentment, demand, protest or notice of any kind. Thereafter, the Beneficiary may, to the extent permitted by applicable law and subject to the Contract:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property, or any part thereof, in its own name or in the name of the Deed of Trust Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property, or part thereof or interest therein, increase the income therefrom or protect the security thereof, and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents and issues thereof, including those rents and issues past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any Indebtedness, all in such order as the Beneficiary may determine. The entering upon and taking possession of the Mortgaged Property, the collection of such rents and issues and the application thereof as aforesaid, shall not cure or waive any Event of Default or notice of Event of Default under the Deed of Trust or invalidate any act done in response to such Default or pursuant to such notice of Default and notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of rents and issues, the Deed of Trust Trustee or the Beneficiary, to the extent permitted by applicable law and subject to the Contract, shall be entitled to exercise every right provided for in any instrument securing or relating to the Indebtedness or by law upon occurrence of any Event of Default, including the right to exercise the power of sale;

(b) Commence an action to foreclose the Deed of Trust as a mortgage, specially enforce any of the covenants of the Deed of Trust, or cause the Deed of Trust Trustee to foreclose the Deed of Trust by power of sale; and

(c) To the extent permitted by applicable law and subject to the Contract, exercise any or all of the remedies available to a secured party under the Uniform Commercial Code of North Carolina or under any other applicable laws.

NOTWITHSTANDING ANY PROVISIONS CONTAINED IN THE DEED OF TRUST, IT IS THE INTENT OF THE PARTIES TO COMPLY WITH THE PROVISIONS OF NORTH CAROLINA GENERAL STATUTES SECTION 160A-20. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN FAVOR OF THE BENEFICIARY IN VIOLATION OF SECTION 160A-20, INCLUDING, WITHOUT LIMITATION, ANY DEFICIENCY JUDGMENT FOR AMOUNTS THAT MAY BE OWED UNDER THE CONTRACT OR THE DEED OF TRUST WHEN THE SALE OF ALL OR ANY PORTION OF THE MORTGAGED PROPERTY IS INSUFFICIENT TO PRODUCE ENOUGH MONEY TO PAY IN FULL ALL REMAINING OBLIGATIONS UNDER THE CONTRACT OR THE DEED OF TRUST. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN THE DEED OF TRUST, NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION TO COLLECT ANY OF THE INDEBTEDNESS SECURED BY THE DEED OF TRUST AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEY DUE OR SECURED UNDER THE DEED OF TRUST.

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Letterhead of Parker Poe Adams & Bernstein LLP]

May __, 2024

County of Dare, North Carolina
Manteo, North Carolina

Dare County Public Facilities Corporation
Manteo, North Carolina

The Bank of New York Mellon Trust Company, N.A.
Jacksonville, Florida

$23,690,000
Limited Obligation Bonds
(County of Dare, North Carolina), Series 2024
Evidencing Proportionate Undivided Interests in Rights to Receive
Certain Revenues Pursuant to an Installment Financing Contract between
Dare County Public Facilities Corporation and the County of Dare, North Carolina

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the execution and delivery of the $23,690,000 Limited Obligation Bonds (County of Dare, North Carolina), Series 2024 (the "*2024 Bonds*") evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to an Installment Financing Contract dated as of May 1, 2023 (the "*2023 Contract*"), as amended by Amendment Number One to the Installment Financing Contract dated as of May 1, 2024 (the "*First Amendment*" and together with the 2023 Contract, the "*Contract*"), each between Dare County Public Facilities Corporation, a nonprofit corporation organized and existing under the Constitution and laws of the State of North Carolina (the "*Corporation*"), and the County of Dare, North Carolina (the "*County*").

The 2024 Bonds are being executed and delivered pursuant to an Indenture of Trust dated as of May 1, 2023 (the "*2023 Indenture*"), as supplemented by Supplemental Indenture, Number 1 dated as of May 1, 2024 (the "*First Supplement*" and together with the 2023 Indenture, the "*Indenture*"), each between the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"). To secure its obligations under the Contract, the County has executed and delivered a Deed of Trust, Security Agreement and Fixture Filing dated as of May 1, 2023 (the "*Deed of Trust*") from the County to the deed of trust trustee named therein. The Corporation has assigned to the Trustee pursuant to the Indenture all of its rights, title and interest in and to the Contract, including the right to receive Installment Payments, but excluding certain reserved rights described in the Indenture, and the Deed of Trust. Each capitalized term used but not defined herein has the meaning given to such term in the Contract and the Indenture, as applicable.

The proceeds of the 2024 Bonds will be disbursed by the Trustee to (1) finance the capital costs of (a) the construction and equipping of a new youth center in the Town of Manteo, and (b) the construction and equipping of EMS stations in Manns Harbor and the Town of Kitty Hawk, and (2) pay financing costs related to the 2024 Bonds. The County has agreed under the Contract to pay its Installment Payments required thereunder directly to the Trustee.

In our capacity as Bond Counsel, we have examined executed copies of the Indenture, the Deed of Trust, the Contract, a specimen of the 2024 Bonds and such law and certified proceedings, instruments, opinions and other documents as we have deemed necessary to render the opinions hereinafter expressed. As to questions of fact material to the opinions hereinafter expressed, we have relied on representations of the Corporation and the County contained in the Contract and the related documents thereto, the certified proceedings and other certifications of public officials and others furnished to us, including certifications furnished to us by or on behalf of the Corporation and the County, without undertaking to verify the same by independent investigation. We have also relied on the opinion of Robert L. Outten, Esq., as County Attorney, dated the date hereof, with respect to the County's due authorization, execution and delivery of the Contract and other matters set forth therein. We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings that we have examined that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents, opinions and proceedings.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The Indenture has been duly authorized, executed and delivered by the Corporation and is a valid, binding and enforceable obligation of the Corporation and, assuming the due authorization, execution and delivery by the Trustee, creates a valid lien on the Revenues in favor of the Trustee for the benefit of the Owners of the 2024 Bonds.

2. The Contract has been duly authorized, executed and delivered by the County and the Corporation and is a valid, binding and enforceable obligation of the County and the Corporation.

3. The 2024 Bonds have been duly authorized, executed and delivered for the purposes described above. The 2024 Bonds evidence valid and legally binding proportionate undivided interests in the Revenues pursuant to the Contract, enforceable in accordance with their terms. The 2024 Bonds are entitled to the benefits and security of the Indenture for the payment thereof from certain amounts to be paid under the Contract in accordance with the terms of the Indenture and the Contract.

4. The portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax, although we observe that, for tax years beginning after December 31, 2022, the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the County and the Corporation comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the execution and delivery of the 2024 Bonds in order that the portion of the Installment Payments designated and paid as interest with respect to the 2024 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The County and the Corporation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the portion of the Installment

Payments designated and paid as interest with respect to the 2024 Bonds to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the 2024 Bonds. We express no opinion regarding other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest with respect to the 2024 Bonds.

5. The portion of the Installment Payments designated and paid as interest under the Contract with respect to the 2024 Bonds is exempt from State of North Carolina income taxation.

The rights of the Owners of the 2024 Bonds and the enforceability of the Indenture, the Contract and the 2024 Bonds may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such principles are considered in a proceeding at law or in equity.

Our services as Bond Counsel in connection with the execution and delivery of the 2024 Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2024 Bonds and the tax status of interest with respect thereto. We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement or the Official Statement (collectively, the "*Official Statement*"), or any other offering material relating to the 2024 Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion herein relating thereto (excepting only the matters set forth as our opinion in the Official Statement and the section entitled **"TAX TREATMENT"**) or as to the financial resources of the County or the ability of the County to make the payments required under the Contract, that may have been relied on by anyone in making the decision to purchase the 2024 Bonds.

This opinion is delivered to you and for your benefit in connection with the above transaction; it may not be relied on by you for any other purposes and may not be relied on by, nor may copies be provided to, any other person, firm, corporation or other entity without our prior written consent.

Respectfully submitted,

PARKER POE ADAMS & BERNSTEIN LLP

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APPENDIX D
BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company

a subsidiary of The Depository Trust & Clearing Corporation

Beneficial ownership interests in the 2024 Bonds will be available only in a book-entry system. The actual purchasers of the 2024 Bonds (the "*Beneficial Owners*") will not receive physical bonds representing their interests in the 2024 Bonds purchased. So long as The Depository Trust Company ("*DTC*"), New York, New York, or its nominee is the registered owner of the 2024 Bonds, references in this Official Statement to the Owners of the 2024 Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners.

THE FOLLOWING DESCRIPTION OF DTC, ITS PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE 2024 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS WITH RESPECT TO THE 2024 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2024 BONDS AND/OR OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

1. DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for the 2024 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2024 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2024 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2024 BONDS.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the 2024 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

4. To facilitate subsequent transfers, all 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds arc credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2024 Bonds may wish to ascertain that the nominee holding the 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2024 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE CORPORATION, TO THE COUNTY, TO DTC OR TO THE TRUSTEE, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2024 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

8. Redemption proceeds, distributions, and dividend payments on the 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Corporation, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the County or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Corporation, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. THE CORPORATION AND THE COUNTY CANNOT AND DO NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

9. A Beneficial Owner shall give notice to elect to have its 2024 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such 2024 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2024 Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of 2024 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2024 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2024 Bonds to the Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the 2024 Bonds at any time by giving reasonable notice to the Corporation, the County and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2024 Bond certificates are required to be printed and delivered.

11. The Corporation or the County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2024 Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Corporation and the County believe to be reliable, but the Corporation and the County take no responsibility for the accuracy thereof.

THE CORPORATION, THE COUNTY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2024 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE INDENTURE TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL PREPAYMENT OF THE 2024 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2024 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Corporation and the County believe to be reliable, but the Corporation and the County take no responsibility for the accuracy thereof.

COUNTY OF DARE

1870

NORTH CAROLINA