NEW ISSUE BOOK-ENTRY ONLY

Ratings: Moody's: Aa1
S&P: AA+
Fitch: AA+

In the opinion of Bond Counsel and subject to the qualifications described in this Official Statement, interest on the 2024A Bonds is not includable in gross income for federal income tax purposes, interest on the 2024B Bonds is includable in gross income for federal income tax purposes, and interest on all the 2024 Bonds offered hereby is exempt from current State of North Carolina income taxes. See "TAX TREATMENT" herein for additional information regarding tax consequences arising from ownership or receipt of interest on the Bonds.

ORANGE COUNTY, NORTH CAROLINA
$9,800,000 LIMITED OBLIGATION BONDS, SERIES 2024A
$2,080,000 TAXABLE LIMITED OBLIGATION BONDS, SERIES 2024B

Dated: Date of Delivery

Due: October 1, as shown on the inside front cover

This Official Statement has been prepared by Orange County, North Carolina (the "County") to provide information on the 2024 Bonds described herein. 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.

Security:	The payment by the County of the principal of and interest on the 2024 Bonds is limited to funds appropriated for that purpose by the Board of Commissioners for the County in its sole discretion, except to the extent payable from Bond proceeds, investment earnings, Net Proceeds related to casualty or condemnation proceeds, or amounts derived from the enforcement of remedies on default. As security for the 2024 Bonds, the Prior Bonds and all other Bonds issued under the Trust Agreement (as such terms are defined herein), the County has executed and delivered a deed of trust, as amended, and will execute and deliver a supplement to such deed of trust, granting, among other things, a lien of record on the Mortgaged Property subject to Permitted Encumbrances (as such terms are defined herein). **THE OBLIGATION TO MAKE PAYMENTS WITH RESPECT TO THE 2024 BONDS IS NOT A GENERAL OBLIGATION OF THE COUNTY, AND THE TAXING POWER OF THE COUNTY IS NOT PLEDGED DIRECTLY OR INDIRECTLY TO SECURE ANY MONIES DUE TO THE OWNERS OF THE 2024 BONDS.** See the caption **"SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS"** herein.
Redemption:	The 2024 Bonds are subject to redemption as described herein.
Purpose:	Proceeds of the 2024 Bonds will be used to (1) finance the acquisition, construction, equipping and improvement of certain County facilities as further described herein and (2) pay certain costs incurred in connection with the issuance of the 2024 Bonds.
Interest Payment Dates:	April 1 and October 1 of each year, commencing October 1, 2024
Denomination:	$5,000 or integral multiples thereof
Delivery:	On or about June 26, 2024
Bond Counsel:	Sanford Holshouser LLP
County Attorney:	John L. Roberts, Esq.
Financial Advisor:	Davenport & Company LLC
Underwriters' Counsel:	McGuireWoods LLP
Trustee:	The Bank of New York Mellon Trust Company, N.A.

BAIRD **FHN Financial Capital Markets**

The date of this Official Statement is June 6, 2024.

MATURITY SCHEDULE FOR 2024 BONDS

$7,995,000 Serial 2024A Bonds

Due October 1	Principal Amount	Interest Rate	Yield	CUSIP**
2025	$650,000	5.00%	3.33%	684566DK5
2026	230,000	4.00	3.24	684566DL3
2026	425,000	5.00	3.24	684566DM1
2027	675,000	5.00	3.15	684566DN9
2028	690,000	5.00	3.14	684566DP4
2029	705,000	5.00	3.12	684566DQ2
2030	725,000	5.00	3.12	684566DR0
2031	745,000	5.00	3.13	684566DS8
2032	630,000	5.00	3.13	684566DT6
2033	360,000	5.00	3.13	684566DU3
2034	360,000	5.00	3.14	684566DV1
2035	360,000	5.00	3.16*	684566DW9
2036	360,000	5.00	3.20*	684566DX7
2037	355,000	5.00	3.30*	684566DY5
2038	365,000	5.00	3.32*	684566DZ2
2039	360,000	5.00	3.40*	684566EA6

$725,000 4.00% Term 2024A Bonds due October 1, 2041 – Yield 4.00%, CUSIP** 684566EB4
$1,080,000 4.00% Term 2024A Bonds due October 1, 2044 – Yield 4.08%, CUSIP** 684566EC2

$1,240,000 Serial 2024B Bonds

Due October 1	Principal Amount	Interest Rate	Yield	CUSIP**
2025	$135,000	5.10%	5.10%	684566ED0
2026	140,000	5.00	5.00	684566EE8
2027	140,000	4.85	4.85	684566EF5
2028	140,000	4.70	4.70	684566EG3
2029	135,000	4.75	4.75	684566EH1
2030	140,000	4.80	4.80	684566EJ7
2031	135,000	4.85	4.85	684566EK4
2032	140,000	4.90	4.90	684566EL2
2033	135,000	4.95	4.95	684566EM0

$280,000 5.05% Term 2024B Bonds due October 1, 2035 – Yield 5.05%, CUSIP** 684566EN8
$280,000 5.15% Term 2024B Bonds due October 1, 2037 – Yield 5.15%, CUSIP** 684566EP3
$280,000 5.25% Term 2024B Bonds due October 1, 2039 – Yield 5.25%, CUSIP** 684566EQ1

* Yield to October 1, 2034 call date at par.

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IN CONNECTION WITH THIS OFFERING, ROBERT W. BAIRD & CO. INCORPORATED AND FHN FINANCIAL CAPITAL MARKETS (THE "UNDERWRITERS") MAY OVERALLOT 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 shall 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 and other sources that are deemed to be reliable.

NEITHER THE 2024 BONDS NOR THE TRUST AGREEMENT (AS SUCH TERMS ARE DEFINED HEREIN) HAVE BEEN REGISTERED OR QUALIFIED WITH THE 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 OR THE TRUST AGREEMENT IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE 2024 BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL 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. THESE SECURITIES 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 SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF.

References to web site addresses presented herein (including the appendices hereto) are for informational purposes only and may be in the form of hyperlinks solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not intended to be active hyperlinks or incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final by the County for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

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 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.

ORANGE COUNTY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Jamezetta Bedford, Chair
Sally Greene, Vice Chair
Amy Fowler
Jean Hamilton
Earl McKee
Phyllis Portie-Ascott
Anna Richards

COUNTY STAFF

Bonnie B. Hammersley .... County Manager[1]

Travis Myren.. Deputy County Manager

Gary Donaldson .... Chief Financial Officer

John L. Roberts, Esq. .... County Attorney

BOND COUNSEL

Sanford Holshouser LLP

FINANCIAL ADVISOR

Davenport & Company LLC

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[1] Bonnie B. Hamersley has announced her intent to retire as the County Manager as of July 17, 2024. The County will commence a search for a new County Manager.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Orange County, North Carolina
$9,800,000 Limited Obligation Bonds, Series 2024A
$2,080,000 Taxable Limited Obligation Bonds, Series 2024B

INTRODUCTION

The purpose of this Official Statement, which includes the Appendices hereto, is to provide certain information in connection with the Orange County, North Carolina Limited Obligation Bonds, Series 2024A in the aggregate principal amount of $9,800,000 (the "2024A Bonds") and Taxable Limited Obligation Bonds, Series 2024B in the aggregate principal amount of $2,080,000 (the "2024B Bonds" and, together with the 2024A Bonds, the "2024 Bonds").

The 2024 Bonds will be issued pursuant to a Trust Agreement dated as of June 1, 2021 (the "2021 Trust Agreement"), as previously supplemented and as supplemented by a Second Supplemental Trust Agreement (the "Second Supplemental Trust Agreement" and, together with the 2021 Trust Agreement, as previously supplemented, the "Trust Agreement"), each between Orange County, North Carolina (the "County") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

Pursuant to the Trust Agreement, the County has previously issued its (1) $19,355,000 Limited Obligation Bonds, Series 2021A (the "2021A Bonds"), of which $15,650,000 in principal amount is currently Outstanding, (2) $4,230,000 Taxable Limited Obligation Refunding Bonds, Series 2021B (the "2021B Bonds"), of which $1,945,000 in principal amount is currently Outstanding, (3) $5,080,000 Limited Obligation Bonds, Series 2023A (the "2023A Bonds"), all of which remain Outstanding, and (4) $9,218,000 Limited Obligation Bonds, Series 2023B (the "2023B Bonds" and, together with the 2021A Bonds, the 2021B Bonds and the 2023A Bonds, the "Prior Bonds"), all of which remain Outstanding.

Capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set out in Appendix C hereto under the caption "**DEFINITIONS**."

This Introduction provides only certain limited information with respect to the contents of this Official Statement and is expressly qualified by the Official Statement as a whole. Prospective investors should review the full Official Statement and each of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

THE COUNTY

The County is a political subdivision of the State of North Carolina (the "State"). See Appendix A, "**THE COUNTY**," hereto for certain information regarding the County. The County's most recent audited financial statements are contained in Appendix B hereto.

PURPOSE

The 2024 Bonds are being issued in order to (1) finance the acquisition, construction, equipping and improvement of certain County facilities as further described herein and (2) finance certain costs incurred in connection with the execution and delivery of the 2024 Bonds. See "**THE PLAN OF FINANCE**" and "**ESTIMATED SOURCES AND USES OF FUNDS**" herein.

SECURITY

The payment by the County of the principal of and interest on the 2024 Bonds is limited to funds appropriated for that purpose by the Board of Commissioners for the County in its sole discretion, except to the extent payable from Bond proceeds, investment earnings, Net Proceeds related to casualty or condemnation proceeds, or amounts derived from the enforcement of remedies on default.

As security for the 2024 Bonds, the Prior Bonds and any additional bonds issued under the Trust Agreement on a parity therewith (the "Additional Bonds" and, together with the 2024 Bonds and the Prior Bonds, the "Bonds"), the County has executed and delivered to a deed of trust trustee (the "Deed of Trust Trustee"), for the benefit of the Trustee, a Deed of Trust dated as of June 1, 2021 (as previously supplemented and amended, the "Existing Deed of Trust"), granting a lien of record on the sites of the County's Whitted Building located in Hillsborough, North Carolina (the "Whitted Building"), the County's Blackwood Farm Park located in Hillsborough, North Carolina (the "Blackwood Farm Park"), Culbreth Middle School located in Chapel Hill, North Carolina ("Culbreth Middle School"), the Orange County Main Library located in Hillsborough, North Carolina (the "Orange County Library"), Orange Middle School located in Hillsborough, North Carolina ("Orange Middle School"), Hillsborough Elementary School located in Hillsborough, North Carolina ("Hillsborough Middle School"), New Hope Elementary School located in Chapel Hill, North Carolina ("New Hope Elementary School"), Pathways Elementary School located in Hillsborough, North Carolina ("Pathways Elementary School"), Orange High School located in Hillsborough, North Carolina ("Orange High School"), and Ephesus Elementary School located in Chapel Hill, North Carolina ("Ephesus Elementary School"), and the real estate improvements thereon and appurtenances thereto, all as more particularly described in the Existing Deed of Trust (collectively, the "Mortgaged Property"), subject only to Permitted Encumbrances (as defined in **Appendix C** hereto).

As security for the Bonds and in connection with the issuance of the 2024 Bonds, the County will execute and deliver to the Deed of Trust Trustee, for the benefit of the Trustee, a Deed of Trust Supplement #2 dated as of June 1, 2024 (the "Second Deed of Trust Supplement"), supplementing the Existing Deed of Trust (as so supplemented, the "Modified Deed of Trust"), to provide that the Modified Deed of Trust shall also secure the 2024 Bonds.

The Modified Deed of Trust authorizes future obligations evidenced by Additional Bonds as described below, to be secured by the Modified Deed of Trust, provided that the total amount of present and future obligations secured by the Modified Deed of Trust at any one time does not exceed $200,000,000 and such future obligations are incurred not later than 30 years from June 1, 2021.

In addition, the County will grant to the Trustee a lien on and security interest in all moneys held by the Trustee in the funds and accounts created under the Trust Agreement.

If a default occurs under the Trust Agreement, the Trustee is authorized to direct the Deed of Trust Trustee to foreclose on the Mortgaged Property and apply the proceeds received as a result of any such foreclosure to the payment of the amounts due to the owners of the 2024 Bonds and the Prior Bonds, subject to the rights of the owners of any other Bonds. No assurance can be given that any such proceeds will be sufficient to pay the principal of and the interest on the Bonds. In addition, no deficiency judgment can be rendered against the County if the proceeds from any such foreclosure sale (together with other funds that may be held by the Trustee under the Trust Agreement) are insufficient to pay the Bonds in full. The 2024 Bonds do not constitute a pledge of the County's faith and credit within the meaning of any constitutional provision. See the caption "**SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS**" herein.

THE 2024 BONDS

The 2024 Bonds will be dated as of their date of delivery. Interest is payable on April 1 and October 1 of each year, beginning October 1, 2024, at the rates set forth on the inside front cover page of this Official Statement. Principal is payable, subject to redemption as described herein, on October 1 in the years and in the amounts set forth on the inside front cover page of this Official Statement.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then-outstanding Bonds and without notice to such Owners, Additional Bonds may be delivered and secured on parity with the 2024 Bonds and the Prior Bonds to provide funds (a) to expand or improve the Pledged Facilities, (b) to construct further improvements to the Pledged Sites, (c) to refund any Outstanding Bonds, (d) to pay financing costs or establish reserves in connection with the issuance of Additional Bonds, (e) for any other purpose that may be allowed by law from time to time, including the acquisition and construction of additional public facilities, whether or not those facilities are related to the Pledged Facilities or the Pledged Sites, or (f) for any combination of such purposes.

BOOK-ENTRY ONLY

The 2024 Bonds will be delivered in book-entry form only without physical delivery of certificates to beneficial owners of the 2024 Bonds. Payments to beneficial owners of the 2024 Bonds will be made by The Depository Trust Company ("DTC"), New York, New York, and its participants. See Appendix E, "**BOOK-ENTRY ONLY SYSTEM**" hereto. So long as Cede & Co. is the registered owner of the 2024 Bonds, references herein to registered owner or Owners of the 2024 Bonds means Cede & Co. and not the beneficial owners of the 2024 Bonds.

TAX STATUS

In the opinion of Bond Counsel and subject to the qualifications described in this Official Statement, interest on the 2024A Bonds is not includable in gross income for federal income tax purposes, interest on the 2024B Bonds is includable in gross income for federal income tax purposes, and interest on all the Bonds offered hereby is exempt from current State of North Carolina income taxes. See "**TAX TREATMENT**" herein for additional information regarding tax consequences arising from ownership or receipt of interest on the Bonds, including information regarding the application of federal alternative minimum tax provisions to the Bonds and certain other federal, State and local tax consequences.

PROFESSIONALS

Robert W. Baird & Co. Incorporated and FHN Financial Capital Markets (the "Underwriters") are underwriting the 2024 Bonds. The Bank of New York Mellon Trust Company, N.A. is serving as Trustee with respect to the 2024 Bonds. Davenport & Company LLC is serving as the County's financial advisor. Sanford Holshouser LLP is serving as Bond Counsel. John L. Roberts, Esq. is the County Attorney. McGuireWoods LLP is serving as counsel to the Underwriters.

ADDITIONAL INFORMATION

Summaries of the Trust Agreement and the Modified Deed of Trust, including a list of definitions of certain terms, are included as Appendix C. All quotations from and summaries and explanations of the Trust Agreement and the Modified Deed of Trust contained in this Official Statement, including in Appendix C, do not purport to be complete. Reference is made to such documents for full and complete statements of their respective provisions.

Additional information and copies in reasonable quantity of the principal financing documents may be obtained from the County at 131 West Margaret Lane, Third Floor, PO Box 8181, Hillsborough, North Carolina 27278, Attention: Chief Financial Officer. Copies of such documents can also be obtained during the offering period from Robert W. Baird & Co. Incorporated at 380 Knollwood Street, Suite 440, Winston-Salem, North Carolina 27103 or FHN Financial Capital Markets at 1000 Ridgeway Loop Road, Suite 200, Memphis, Tennessee 38120. After the offering period, copies of such documents may be obtained from the Trustee at 4655 Salisbury Road, Suite 300, Jacksonville, Florida 32256.

THE 2024 BONDS

AUTHORIZATION

The County is issuing the 2024 Bonds pursuant to the provisions of Section 20 of Chapter 160A of the North Carolina General Statutes and Article 8 of Chapter 159 of the North Carolina General Statutes, each as amended (collectively, the "Act"), and a resolution of the Board of Commissioners of the County adopted on May 21, 2024. Each 2024 Bond will be deemed an "installment contract" under the Act.

In addition, the County's issuance of the 2024 Bonds was approved by the North Carolina Local Government Commission (the "LGC") on June 4, 2024. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in the State of North Carolina (the "State"). LGC approval is required for substantially all bond issues and other local government financing arrangements in the State. Before approving an installment financing (which includes the financing arrangement for the 2024 Bonds), the LGC must determine, among other things, that (1) the proposed financing is necessary and expedient, (2) the financing, under the circumstances, is preferable to a general obligation or revenue bond issue for the same purpose, and (3) the sums to fall due under the proposed financing are not excessive for the local government.

GENERAL

Payment Terms. The 2024 Bonds will be dated their date of delivery. Interest on the 2024 Bonds is payable on each April 1 and October 1 (the "Payment Dates"), beginning October 1, 2024, at the rates set forth on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest payments will be made to the person shown as the owner of the 2024 Bond as of the applicable Record Date. "Record Date" means the end of the calendar day on the 15th day of the month (whether or not a Business Day) preceding a Payment Date. Principal on the 2024 Bonds is payable on October 1 in the years and amounts set forth on the inside front cover page of this Official Statement. Payments will be effected through DTC. See Appendix E, **"BOOK-ENTRY ONLY SYSTEM"** hereto.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2024 Bonds, transfers and exchanges of beneficial ownership interests in the 2024 Bonds will be available only through DTC Participants and DTC Indirect Participants. See Appendix E, **"BOOK-ENTRY ONLY SYSTEM"** hereto. The Trust Agreement describes provisions for transfer and exchange applicable if a book-entry system is no longer in effect. These provisions generally provide that the transfer of the 2024 Bonds is registrable by the Owners thereof, and the 2024 Bonds may be exchanged for an equal aggregate, unredeemed principal amount of 2024 Bonds of the authorized denomination and of the same maturity and interest rate, only upon presentation and surrender of the 2024 Bonds to the Trustee at the principal corporate trust office of the Trustee together with an executed instrument of transfer in a form approved by the Trustee in connection with any transfer. The Trustee may require the person requesting any transfer or exchange to reimburse it for any shipping and tax or other governmental charge payable in connection therewith.

REDEMPTION PROVISIONS

Optional Redemption. The 2024 Bonds maturing on or after October 1, 2035 are subject to redemption at the County's option, in whole or in part on any date on or after October 1, 2034, upon payment of the principal amount to be redeemed plus interest accrued to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The 2024A Bonds maturing on October 1, 2041, are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the redemption date, without premium, on October 1, in the years and amounts as follows:

Year	Amount
2040	$365,000
2041*	360,000

*Maturity.

The 2024A Bonds maturing on October 1, 2044, are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the redemption date, without premium, on October 1, in the years and amounts as follows:

Year	Amount
2042	$360,000
2043	360,000
2044*	360,000

*Maturity.

The 2024B Bonds maturing on October 1, 2035, are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the redemption date, without premium, on October 1, in the years and amounts as follows:

Year	Amount
2034	$140,000
2035*	140,000

*Maturity.

The 2024B Bonds maturing on October 1, 2037, are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the redemption date, without premium, on October 1, in the years and amounts as follows:

Year	Amount
2036	$140,000
2037*	140,000

*Maturity.

The 2024B Bonds maturing on October 1, 2039, are subject to mandatory sinking fund redemption, at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, to the redemption date, without premium, on October 1, in the years and amounts as follows:

Year	Amount
2038	$140,000
2039*	140,000

*Maturity.

Selection. If less than all of the 2024 Bonds are to be optionally redeemed as described above, the County in its discretion may elect which maturities of 2024 Bonds are to be redeemed. If less than all the 2024 Bonds of any maturity are to be redeemed, the Trustee shall select the 2024 Bonds to be redeemed by lot; provided, however, that so long as a book-entry system with DTC is used for determining beneficial ownership of 2024 Bonds, if less than all the 2024 Bonds within a maturity are to be redeemed, the parties agree that DTC may determine which of the 2024 Bonds within the maturity are to be redeemed in accordance with DTC's then-current rules and procedures.

In any case, (1) the portion of any 2024 Bond to be redeemed must be in the principal amount of $5,000 or some multiple thereof, and (2) in selecting 2024 Bonds for redemption, each 2024 Bond will be considered as representing that number of 2024 Bonds which is obtained by dividing the principal amount of that 2024 Bond by $5,000. If a portion of a 2024 Bond is called for redemption, a new 2024 Bond of the same series and maturity in principal amount equal to the unpaid portion will be delivered to the registered owner upon the surrender of the 2024 Bond.

Effect of Call for Redemption. If on or before the date fixed for redemption funds are deposited with the Trustee to pay the principal and interest accrued to the redemption date with respect to the 2024 Bonds called for redemption, the 2024 Bonds or portions of the 2024 Bonds called for redemption cease to accrue interest from and after the redemption date, and thereafter those 2024 Bonds (1) are no longer entitled to the benefits provided by the Trust Agreement and (2) are not deemed to be Outstanding under the Trust Agreement.

Notice of Redemption. The Trustee, at the County's direction, upon being satisfactorily indemnified with respect to expenses and with at least two Business Days' notice, will send notice of redemption no less than 30 nor more than 60 days prior to the redemption date, as follows: (1) with respect to any 2024 Bonds being called for redemption for which DTC or its nominee is the registered owner, to DTC, in whatever manner may be provided for under DTC's standard operating rules as then in effect (and if the Trustee is unable to determine those rules, by registered or certified mail, return receipt requested); (2) with respect to any 2024 Bonds for which no book-entry only system of registration is in effect, to each of the registered owners of those 2024 Bonds at their addresses as shown on the Trustee's registration books, by registered or certified mail; and (3) in any case, both (A) to the Municipal Securities Rulemaking Board for posting on its "EMMA" continuing disclosure system, or any successor system, and (B) to the LGC.

Failure to give any notice specified in (1) or (2), as applicable, or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2024 Bonds with respect to which no failure has occurred. Failure to give any notice specified in (3), or any defect in that notice, will not affect the validity of any proceedings for the redemption of any 2024 Bonds with respect to which the notice specified in (1) or (2) is correctly given. Any notice mailed as provided in the Trust Agreement will conclusively be presumed to have been given regardless of whether received by any Owner.

Notwithstanding anything in the Trust Agreement to the contrary, the only remedy for the Trustee's failure to post any notice with the EMMA system will be an action by the holders of the 2024 Bonds, as applicable, in mandamus for specific performance or similar remedy to compel performance.

Any redemption notice, except a redemption notice in respect of a sinking fund payment date, may state that the redemption to be effected is conditioned upon (1) the Trustee's receipt on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the 2024 Bonds to be redeemed; or (2) any other condition not unacceptable to the Trustee. If a notice contains a condition and the Trustee either (i) does not receive moneys sufficient to pay the principal of and premium, if any, and interest on the 2024 Bonds on or prior to the redemption date, or (ii) the stated condition is not fulfilled, in either case on or prior to the redemption date, then redemption will not be made and the Trustee must, within a reasonable time, give notice in a manner in which the redemption notice was given that the moneys were not so received (or condition was not fulfilled) and the redemption was not made.

SECURITY AND SOURCES OF PAYMENT OF 2024 BONDS

GENERAL

The 2024 Bonds are payable from payments to be made by the County pursuant to the Trust Agreement and from certain other moneys, including certain Net Proceeds, if any, and certain amounts realized from any sale or lease of the Mortgaged Property, which payments and other moneys have been pledged to such payment as provided in the Trust Agreement.

PAYMENT OF BONDS; LIMITED OBLIGATION; BUDGET AND APPROPRIATIONS

The County shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner described in the Trust Agreement. The County is obligated to pay Additional Payments in amounts sufficient to pay the fees and expenses of the Trustee, taxes or other expenses required to be paid pursuant to the Trust Agreement. Additional Payments are to be paid by the County directly to the person or entity to which such Additional Payments are owed.

In the Trust Agreement, the County agrees to include in the initial proposal for each of the County's annual budgets for review and consideration by the Board of Commissioners for the County, in any Fiscal Year, items for all Bond Payments and the reasonably estimated Additional Payments coming due in such Fiscal Year. Notwithstanding that the initial proposed budget includes an appropriation for Bond Payments and Additional Payments, the Board of Commissioners may determine not to include such an appropriation in the final County budget for such Fiscal Year; further, the Board of Commissioners may amend an adopted budget to reduce or delete an approved appropriation. If for any Fiscal Year the County adopts an annual budget that does not appropriate (for that purpose) an amount equal to the Bond Payments or estimated Additional Payments for that Fiscal Year, fails to adopt an annual budget that appropriates (for that purpose) an amount equal to the Bond Payments and estimated Additional Payments coming due during that Fiscal Year within 15 days after the beginning of any Fiscal Year, or amends the annual budget to reduce the amounts appropriated for Bond Payments and Additional Payments below the amounts expected to be required for the remainder of that Fiscal Year, then the County must provide notice of such event to the Trustee and the LGC and post such notice on the MSRB's EMMA system. An Event of Nonappropriation constitutes an Event of Default under the Trust Agreement, which entitles the Trustee to exercise its remedies under the Trust Agreement, including its rights to foreclose on the Mortgaged Property under the Modified Deed of Trust.

IN CONNECTION WITH THE BOND PAYMENTS AND THE ADDITIONAL PAYMENTS, THE APPROPRIATION OF FUNDS THEREFOR IS WITHIN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS OF THE COUNTY.

TRUST AGREEMENT

Under the Trust Agreement, the County has granted to the Trustee for the benefit of the Owners of the Bonds a lien on and security interest in all moneys and securities from time to time held by the Trustee under the Trust Agreement.

DEED OF TRUST

General. In connection with the execution and delivery of the Prior Bonds, the County executed and delivered the Existing Deed of Trust to provide security for its obligations under the Trust Agreement by granting a lien of record on the Mortgaged Property. In connection with the execution and delivery of the 2024 Bonds, the County will execute and deliver the Second Deed of Trust Supplement to provide that the Modified Deed of Trust secures the Prior Bonds, the 2024 Bonds and any Additional Bonds issued under the Trust Agreement.

ONLY THE SITES ON WHICH (1) THE WHITTED BUILDING, (2) BLACKWOOD FARM PARK, (3) CULBRETH MIDDLE SCHOOL, (4) THE ORANGE COUNTY LIBRARY, (5) ORANGE MIDDLE SCHOOL, (6) HILLSBOROUGH ELEMENTARY SCHOOL, (7) NEW HOPE ELEMENTARY SCHOOL, (8) PATHWAYS ELEMENTARY SCHOOL, (9) ORANGE HIGH SCHOOL, AND (10) EPHESUS ELEMENTARY SCHOOL ARE LOCATED WILL BE INCLUDED IN THE DEFINITION OF "MORTGAGED PROPERTY" AND, CONSEQUENTLY, SUCH REAL PROPERTY AND ANY IMPROVEMENTS THEREON WILL BE SUBJECT TO THE LIEN CREATED BY THE MODIFIED DEED OF TRUST. See "**THE PLAN OF FINANCE**" herein.

The Modified Deed of Trust authorizes future obligations evidenced by Additional Bonds executed and delivered under the Trust Agreement to be secured by the Modified Deed of Trust, provided that the total amount of present and future obligations secured thereby at any one time does not exceed $200,000,000 and such future obligations are incurred not later than 30 years from June 1, 2021.

The Modified Deed of Trust will be recorded in the office of the Register of Deeds of Orange County, North Carolina and the liens created thereby with respect to a portion of the Mortgaged Property will be insured by a title insurance policy. The title insurance policy only insures the County's title to the sites of (1) the Whitted Building, (2) Blackwood Farm Park, (3) Culbreth Middle School and (4) the Orange County Library. The other properties comprising the Mortgaged Property are not covered by the title insurance policy. The title insurance policy is subject to certain exceptions described therein, including a survey exception with respect to the Mortgaged Property.

Release of Security. The Trustee is required, upon the County's direction and at any time, to execute and deliver all documents necessary to effect the release of all or a portion of the Mortgaged Property from the lien of the Modified Deed of Trust upon the County's compliance with the following requirements:

(a) The County must file with the Trustee a certificate executed by a County Representative, (i) stating that (A) no Event of Default is continuing, (B) that the grant or release will not materially impair the intended use of the property remaining subject to the Modified Deed of Trust and (C) the release complies with the requirements of the Modified Deed of Trust, (ii) providing a copy of the proposed instrument of grant or release, including a complete legal description of the property to be released, (iii) providing a written application signed by a County Representative requesting such instrument be executed and delivered, and (iv) providing evidence of compliance with (b) or (c) below, and.

(b) In the case of a proposed release of all the Mortgaged Property, the County must pay to the Trustee (or other fiduciary) an amount (i) which is sufficient to provide for the payment in full of all Outstanding Bonds in accordance with the Trust Agreement and (ii) which is required to be used for such payment.

(c) In connection with the release of a portion (but less than all) of the Mortgaged Property, the County must provide evidence to the Trustee that the appraised, tax or insured value of that portion of the Mortgaged Property that is proposed to remain subject to the lien of the Modified Deed of Trust is not less than 50% of the aggregate principal component of the Bonds Outstanding at the time the release is effected.

In addition to the provisions for release described above, the County may from time to time grant easements, licenses, rights-of-way and other similar rights with respect to any part of the Mortgaged Property, and the County may release such interests, with or without consideration, and the County may dispose of any undesirable or unnecessary Fixture, so long as such grant or disposition does not materially impair the intended use of the Mortgaged Property.

See "**THE DEED OF TRUST— No Transfers; Provision for Releases, Grants of Easements**" in Appendix C hereto.

ENFORCEABILITY

The enforceability of the parties' obligations under the Trust Agreement and the Modified Deed of Trust are subject to bankruptcy, insolvency, reorganization and other laws related to or affecting the enforcement of creditors' rights generally 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.

NOTWITHSTANDING ANYTHING THEREIN TO THE CONTRARY, THE DELIVERY OF THE 2024 BONDS SHALL NOT BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. IN ADDITION, NEITHER THE 2024 BONDS NOR THE TRUST AGREEMENT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATES THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE BOARD OF COMMISSIONERS FOR ANY FISCAL YEAR IN WHICH THE 2024 BONDS ARE OUTSTANDING. IF THE COUNTY FAILS TO MAKE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS, THE TRUSTEE MAY DECLARE THE ENTIRE UNPAID PRINCIPAL OF THE BONDS TO BE IMMEDIATELY DUE AND PAYABLE AND DIRECT THE DEED OF TRUST TRUSTEE TO INSTITUTE FORECLOSURE PROCEEDINGS UNDER THE MODIFIED DEED OF TRUST AND PROCEED IN ACCORDANCE WITH LAW TO ATTEMPT TO DISPOSE OF THE MORTGAGED PROPERTY AND APPLY THE PROCEEDS OF SUCH DISPOSITION TOWARD ANY BALANCE, OWING BY THE COUNTY ON THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUCH PROCEEDS WILL BE SUFFICIENT TO PAY ALL PRINCIPAL OF AND INTEREST ON THE BONDS. IN ADDITION, SECTION 160A-20(f) OF THE NORTH CAROLINA GENERAL STATUTES 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 FROM THE COUNTY. See "**THE TRUST AGREEMENT—Defaults and Remedies under Trust Agreement - Acceleration**" and "**– Other Remedies**" and "**THE**

DEED OF TRUST—Defaults and Remedies; Foreclosure" in Appendix C hereto and the caption "**CERTAIN RISKS OF 2024 BOND OWNERS**" herein.

ADDITIONAL BONDS

Under the conditions described in the Trust Agreement, without the approval or consent of the Owners of the then Outstanding 2024 Bonds, Additional Bonds may be delivered and secured on parity with the 2024 Bonds and the Prior Bonds to provide funds (a) to expand or improve the Pledged Facilities, (b) to construct further improvements to the Pledged Sites, (c) to refund any Outstanding Bonds, (d) to pay financing costs or establish reserves in connection with the issuance of Additional Bonds, (e) for any other purpose that may be allowed by law from time to time, including the acquisition and construction of additional public facilities, whether or not those facilities are related to the Pledged Facilities or the Pledged Sites, or (f) for any combination of such purposes. See "**THE TRUST AGREEMENT—Additional Bonds**" in Appendix C hereto.

USE OF NET PROCEEDS

The County must elect to use Net Proceeds and other funds available therefor, subject to provisions of the Trust Agreement, to repair and restore the Mortgaged Property or to redeem or defease the Bonds in whole (but not in part) pursuant to the optional redemption provisions described above or the defeasance provisions of the Trust Agreement, as appropriate. The County has no option to redeem the 2024 Bonds from Net Proceeds other than in accordance with the optional redemption provisions described above (which provide for no optional redemption prior to October 1, 2034).

AVAILABLE SOURCES FOR PAYMENT

GENERAL

The County may pay its obligations under the Trust Agreement from any source of funds, including revenues generated by the projects financed under the Trust Agreement and other facilities in the County, available to it in each year and appropriated therefor until maturity of the 2024 Bonds.

GENERAL FUND REVENUES

The County's general fund revenues for the fiscal year ended June 30, 2023 were $269.2 million and for the fiscal year ending June 30, 2024 are budgeted to be $271.1 million. General fund revenues are derived from various sources, including property taxes (which account for approximately 70% of the general fund revenues), sales taxes, fees and charges, as well as intergovernmental revenues. For the fiscal year ended June 30, 2023, the County imposed a property tax of $0.8312 per $100 of assessed value, all of which was appropriated to the General Fund by the County's Board of Commissioners. For the fiscal year ending June 30, 2024, the County imposed a property tax of $0.8353 per $100 of assessed value. A rate of $0.8312 per $100 of assessed value in the fiscal year ended June 30, 2023 generated approximately $188.2 million. A rate of $0.8353 per $100 of assessed value in the fiscal year ending June 30, 2024 is estimated to generate approximately $190.8 million. The General Statutes of North Carolina permit counties to impose property taxes of up to $1.50 per $100 of assessed value for certain purposes without the requirement of a voter referendum. See Appendix B hereto for a description of the uses of the County's general fund revenues for the fiscal year ended June 30, 2023.

THE PLAN OF FINANCE

The 2024 Bonds are being issued to provide funds to (1) finance the acquisition, construction, equipping and improvement of certain County facilities as further described below and (2) finance certain costs incurred in connection with the execution and delivery of the 2024 Bonds.

THE PROJECTS

A portion of the proceeds of the 2024 Bonds will be used to finance a variety of County projects. The County has adopted a practice of completing an annual financing to finance a broad range of acquisitions and improvements, so as to reduce its frequency of transactions and to handle projects that do not lend themselves conveniently to separate financings. The projects included in the current financing can be summarized, and the current estimates of the costs thereof, as follows:

Project	Estimated Cost
Research Triangle Logistics Park	$1,684,707
Lake Orange Dam Rehabilitation	252,024
Neuse River Rules/Gravelly Hill Middle School	300,000
Solid Waste Equipment Replacement	574,971
501 West Franklin building upfit	2,000,000
Whitted Stormwater Improvements	175,000
Bi-Directional Emergency Response K12 Coverage	1,344,674
Assorted Vehicles	805,743
Deferred Maintenance – capital projects for Chapel Hill-Carrboro City Schools	5,118,023
Total Project Costs	$12,255,142

THE MORTGAGED PROPERTY

The 2024 Bonds, the Prior Bonds and any Additional Bonds will be secured by the Mortgaged Property. The Mortgaged Property includes the County's Whitted Building, Blackwood Farm Park, Culbreth Middle School, Orange County Library, Orange Middle School, Hillsborough Elementary School, New Hope Elementary School, Pathways Elementary School, Orange High School and Ephesus Elementary School (all as described below), and the associated real estate. The "Mortgaged Property" is defined in the Deed of Trust to include these facilities and real estate, and any additional improvements to the facilities and real estate, but generally does not include any equipment or furnishings associated with the property.

Whitted Building. The Whitted Building is a three-story building consisting of approximately 56,984 square feet on an approximately 5.7-acre site located at 300 West Tryon Street in Hillsborough, North Carolina. The Whitted Building houses certain of the County's administrative offices, Board of Commissioners' meeting space and event space. A portion of the proceeds of the 2024A Bonds will be used to make certain improvements to the Whitted Building, including storm water improvements. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $9.7 million.

Blackwood Farm Park. Blackwood Farm Park consists of approximately 149 acres of land located at 4215 N.C. Highway 86 South in Hillsborough, North Carolina. The park includes a historic farmhouse, barn, smokehouse, corncrib and other outbuildings, a picnic shelter, restrooms, 4 miles of hiking trails, and fishing pond. The County estimates the insured value of this property (not including the equipment associated with the property, which is generally not part of the Mortgaged Property) to be approximately $0.25 million.

Culbreth Middle School. Culbreth Middle School is a one-story building consisting of approximately 122,500 square feet on an approximately 35-acre site located at 225 Culbreth Road in Chapel Hill, North Carolina. A portion of the proceeds of the 2024A Bonds will be used to make certain improvements to Culbreth Middle School, including a compressor replacement and other HVAC improvements. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $21.5 million.

Orange County Library. The Orange County Library Main Branch is a two-story building consisting of approximately 23,454 square feet on an approximately 0.5-acre site located at 137 W. Margaret Lane in Hillsborough, North Carolina. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $5.6 million.

Orange Middle School. Orange Middle School is a one-story building consisting of approximately 102,780 square feet on an approximately 57-acre site located at 308 Orange High School Road in Hillsborough, North Carolina. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $22.8 million.

Hillsborough Elementary School. Hillsborough Elementary School is a two-story building consisting of approximately 72,872 square feet on an approximately 10-acre site located at 402 North Nash Street in Hillsborough, North Carolina. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $12.4 million.

New Hope Elementary School. New Hope Elementary School is a one-story building consisting of approximately 100,164 square feet on an approximately 10-acre site located at 1900 New Hope Church Road in Chapel Hill, North Carolina. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $17.1 million.

Pathways Elementary School. Pathways Elementary School is a one-story building consisting of approximately 85,282 square feet on an approximately 18.1-acre site located at 431 Strouds Creek Road in Hillsborough, North Carolina. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $16.8 million.

Orange High School. Orange High School is a three-story building consisting of approximately 217,203 square feet on an approximately 92-acre site located at 500 Orange High School Road in Hillsborough, North Carolina. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $43.2 million.

Ephesus Elementary School. Ephesus Elementary School is a one-story building consisting of approximately 66,952 square feet on an approximately 13.4-acre site located at 1495 Ephesus Church Road in Chapel Hill, North Carolina. A portion of the proceeds of the 2024A Bonds will be used to make certain improvements to Ephesus Elementary School, including installation of playground equipment and upgrades and cafeteria furniture. The County estimates the insured value of this building (not including the equipment associated with the building, which is generally not part of the Mortgaged Property) to be approximately $11.7 million.

NO OTHER FACILITY OR IMPROVEMENT FINANCED WITH THE 2024 BONDS WILL BE INCLUDED AS PART OF THE MORTGAGED PROPERTY.

The Trust Agreement and the Modified Deed of Trust generally allow the County to direct the release of any portion of the Mortgaged Property, in the County's discretion, so long as the taxable, appraised or insured value of the property remaining subject to the lien of the Modified Deed of Trust following such release is at least equal to 50% of the principal amount of the Outstanding Bonds. See "**THE DEED OF TRUST—No Transfers; Releases; Grants of Easements**" in Appendix C hereto.

ESTIMATED SOURCES AND USES OF FUNDS

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

SOURCES:	
Par Amount of the 2024 Bonds	$11,880,000.00
Net Original Issue Premium	807,120.75
TOTAL SOURCES OF FUNDS	$12,687,120.75
USES:	
Deposit to Project Fund	$12,255,142.00
Costs of Issuance[1]	431,978.75
TOTAL USES OF FUNDS	$12,687,120.75

[1] Includes legal fees, underwriters' compensation, financial advisor fees, rating agency fees, fees and expenses of the Trustee and miscellaneous fees and expenses.

TOTAL ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each Fiscal Year of the County, the debt service required to be paid by the County under the Trust Agreement with respect to the 2024 Bonds and the Prior Bonds.

Fiscal Year (Ended June 30)	2024A Bonds Total Principal and Interest	2024B Bonds Total Principal and Interest	Prior Bonds Total Principal and Interest[1]	Total
2024			$4,741,072	$4,741,072
2025	$358,760	$79,244	6,004,860	6,442,864
2026	1,103,400	235,295	3,966,430	5,305,125
2027	1,076,925	233,353	3,881,406	5,191,684
2028	1,064,825	226,458	3,717,248	5,008,530
2029	1,045,700	219,773	3,630,043	4,895,516
2030	1,025,825	208,276	2,551,968	3,786,069
2031	1,010,075	206,710	2,146,755	3,363,540
2032	993,325	195,076	1,802,634	2,991,035
2033	843,950	193,373	1,410,519	2,447,841
2034	549,200	181,601	1,363,592	2,094,393
2035	531,200	179,725	1,262,965	1,973,890
2036	513,200	172,655	1,221,139	1,906,994
2037	495,200	165,515	1,186,912	1,847,627
2038	472,325	158,305	1,118,211	1,748,841
2039	464,325	151,025	1,080,109	1,695,459
2040	441,200	143,675	968,382	1,553,257
2041	429,900	-	942,058	1,371,958
2042	410,400	-	916,772	1,327,172
2043	396,000	-	436,086	832,086
2044	381,600	-	-	381,600
2045	367,200	-	-	367,200
TOTAL[1]	$13,974,535	$2,950,058	$44,349,159	$61,273,752

[1] Includes debt service on the 2021A Bonds, 2021B Bonds, 2023A Bonds and 2023B Bonds.
Note: Totals may not foot due to rounding.

CERTAIN RISKS OF 2024 BOND OWNERS

INSUFFICIENCY OF PAYMENTS

If the County fails to pay any payments on the Bonds as the same become due or if another event of default occurs under the Trust Agreement, the Trustee may accelerate the principal with respect to the Bonds, direct the Deed of Trust Trustee to foreclose on the Mortgaged Property under the Modified Deed of Trust, take possession of the Mortgaged Property and attempt to dispose of the Mortgaged Property. See "**THE DEED OF TRUST**" in Appendix C 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 BONDS. SECTION 160A-20(f) OF THE GENERAL STATUTES OF NORTH CAROLINA PROVIDES THAT NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY FOR ANY AMOUNTS THAT MAY BE OWED BY THE COUNTY UNDER THE TRUST AGREEMENT,

AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS OWING BY THE COUNTY UNDER THE TRUST AGREEMENT. THE REMEDIES AFFORDED TO THE TRUSTEE AND THE OWNERS OF THE BONDS ON A DEFAULT BY THE COUNTY UNDER THE TRUST AGREEMENT ARE LIMITED TO THOSE OF A SECURED PARTY UNDER THE LAWS OF THE STATE OF NORTH CAROLINA, INCLUDING FORECLOSING ON THE MODIFIED DEED OF TRUST.

RISK OF NONAPPROPRIATION

The appropriation of moneys to make payments pursuant to the Trust Agreement is within the sole discretion of the Board of Commissioners of the County. If the Board of Commissioners fails to appropriate such moneys, the only sources of payment for the Bonds will be the moneys, if any, available in certain funds and accounts held by the Trustee under the Trust Agreement and the proceeds of any attempted foreclosure on the County's interest in the Mortgaged Property under the Modified Deed of Trust.

VALUE OF COLLATERAL

The County's estimated value of the Mortgaged Property (as further described under the caption above "**THE PLAN OF FINANCE – The Mortgaged Property**") is at least $160.9 million, which is approximately 368% of the aggregate principal amount of the 2024 Bonds and the outstanding Prior Bonds. This value is based in part on the County's own estimates, and the County has not commissioned or obtained any appraisals for the purpose of this valuation. The amount of proceeds received through foreclosure of the County's interest in the Mortgaged Property may be affected by a number of factors, including (1) the costs and expenses in enforcing the lien and security, (2) the condition of the Mortgaged Property, (3) the occurrence of any damage, destruction, loss or theft of the Mortgaged Property which is not repaired or replaced and for which there are not received from insurance policies or appropriated moneys from any risk management program, (4) problems relating to the paucity of alternative uses of the facilities arising from their design, zoning restrictions, use restrictions, easements and encumbrances on the Mortgaged Property and (5) environmental problems and risks with respect to the Mortgaged Property.

The Trust Agreement permits the issuance of Additional Bonds without regard to the value of the Mortgaged Property, and the Modified Deed of Trust allows for up to $200 million in principal amount of Bonds to be secured thereby. To the extent that Additional Bonds are issued and no additional property is subject to the Modified Deed of Trust, the value of the collateral as a percentage of the outstanding principal amount of Bonds should be expected to decrease, which decrease may be material.

NO REPRESENTATION IS MADE AS TO THE VALUE OF, OR THE AMOUNT OF PROCEEDS THAT MAY BE REALIZED FROM, THE COUNTY'S INTEREST IN THE MORTGAGED PROPERTY IN THE EVENT OF A FORECLOSURE.

UNINSURED CASUALTY

If all or any part of the Mortgaged Property is damaged or destroyed by any casualty or taken by any governmental authority, the County is obligated under the Trust Agreement to apply any Net Proceeds from insurance or condemnation (1) to repair, restore or rebuild the Mortgaged Property or (2) to provide for the redemption or defeasance of all, but not less than all, of the Bonds. If the County applies any Net Proceeds to repair, restore or rebuild the Mortgaged Property and such Net Proceeds are not sufficient to repair, restore or rebuild the Mortgaged Property to its condition prior to such damage, destruction or taking, then the value of the Mortgaged Property would be reduced. The Trust Agreement 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 has issued general obligation bonds and may issue general obligation bonds and notes in the future. The County will pledge its faith and credit and taxing power to the payment of its general obligation bonds and notes to be issued. See Appendix A, "**THE COUNTY—DEBT INFORMATION**" attached hereto. FUNDS WHICH MAY OTHERWISE BE AVAILABLE TO PAY BOND PAYMENTS OR ADDITIONAL PAYMENTS OR TO MAKE OTHER PAYMENTS TO BE MADE BY THE COUNTY UNDER THE TRUST AGREEMENT 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.

ENVIRONMENTAL RISKS

The site of the Whitted Building has been owned by the County since 1975. The site of the Blackwood Farm Park has been owned by the County since 2001. The site of the Orange County Library has been owned by the County since 2010. Culbreth Middle School has been owned by the County since 2014 and has been operated as a public school in the County since 1969. Orange Middle School has been owned by the County since 2023 and has been operated as a public school in the County since 1968. Hillsborough Elementary School has been owned by the County since 2023 and has been operated as a public school in the County since 1959. New Hope Elementary School has been owned by the County since 2023 and has been operated as a public school in the County since 1991. Pathways Elementary School has been owned by the County since 2023 and has been operated as a public school in the County since 2000. Orange High School has been owned by the County since 2023 and has been operated as a public school in the County since 1963. Ephesus Elementary School has been owned by the County since 2023 and has been operated as a public school in the County since 1972.

The County is not aware of any material environmental contamination on such sites.

Undiscovered or future environmental contamination could have a material adverse effect on the value of the Mortgaged Property; however, the County is required under the Trust Agreement to undertake whatever environmental remediation may be required by law.

ADDITIONAL BONDS

The County may execute and deliver Additional Bonds under the Trust Agreement that are secured by the Mortgaged Property, thereby diluting the relative value of the collateral with respect to the 2024 Bonds and the Prior Bonds. In addition, remedies under the Trust Agreement and the Modified Deed of Trust are controlled by the Majority Owners. Upon issuance of the 2024 Bonds, the Owners of the 2024 Bonds will not own a majority of the Bonds.

BANKRUPTCY

Under current North Carolina law, a local governmental unit such as the County may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of § 109(c) of the United States Bankruptcy Code. If the County were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. § 109(c), the bankruptcy proceedings could have material and adverse effects on holders of the 2024 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2024 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the holders of the 2024 Bonds cannot be predicted and may be affected significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy.

CYBERSECURITY

The County, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, 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 System 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 multiple forms of cybersecurity and operational safeguards.

While the County's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the County 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 protecting against future attacks could be substantial. 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 CHANGE

The County is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes, and has experienced severe weather events in the past. 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 operations of the County.

THE COUNTY

GENERAL

The County is located in the north-central portion of the State. The Town of Chapel Hill is the largest municipality in the County and is the home of The University of North Carolina at Chapel Hill. See Appendix A for a description of the County.

FINANCIAL INFORMATION

The financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2023. Excerpts from the financial statements of the County for the fiscal year ended June 30, 2023 are available in Appendix B hereto. Copies of the complete financial statements containing the unqualified report of the independent certified public accountants are available in the office of Gary Donaldson, Chief Financial Officer, 131 West Margaret Lane, Third Floor, PO Box 8181, Hillsborough, North Carolina 27278.

LEGAL MATTERS

LITIGATION

To the best of the knowledge of the County, no litigation is now pending or threatened against or affecting the County which seeks to restrain or enjoin the authorization, execution or delivery of the 2024 Bonds, the Trust Agreement or the Modified Deed of Trust, or which contests the County's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the County's authorization, execution and delivery of the 2024 Bonds, the Trust Agreement or the Modified Deed of Trust, or the County's authority to carry out its obligations thereunder or which would have a material adverse impact on the County's condition, financial or otherwise.

OPINIONS OF COUNSEL

Legal matters related to the execution, sale and delivery of the 2024 Bonds are subject to the approval of Sanford Holshouser LLP. Certain legal matters will be passed upon for the County by its counsel, John L. Roberts, Esq., and for the Underwriters by their counsel, McGuireWoods LLP. The opinions of Sanford Holshouser LLP, as Bond Counsel, substantially in the forms set forth in Appendix D hereto, will be delivered at the time of the delivery of the 2024 Bonds.

Bond Counsel's approving legal opinion expresses Bond Counsel's professional judgment as to the legal issues explicitly addressed in the opinion. By rendering a legal opinion, an opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Additionally, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction, and a bond opinion is not a statement (either expressly or by implication) concerning the marketability, value or likelihood of payment of the bonds.

Bond Counsel has not been engaged to investigate the County's operations or condition or the County's ability to provide for payments on the 2024 Bonds. Bond Counsel will express no opinion (1) as to the County's financial condition or its ability to provide for payments on the 2024 Bonds, or (2) as to the accuracy, completeness or fairness of any information that may have been relied on by anyone in making a decision to purchase 2024 Bonds, including this Official Statement. Bond Counsel has, however, provided the sample legal opinion forms that appear as Appendix D, prepared the document summaries that appear as Appendix C, and approved the descriptions in this Official Statement of (1) the terms of the 2024 Bonds and the financing documents and (2) its legal opinion. In this transaction, Bond Counsel serves only as bond counsel to the County.

TAX TREATMENT

OPINION OF BOND COUNSEL

Tax Treatment of 2024A Bonds. In the opinion of Sanford Holshouser LLP, Carrboro, North Carolina, Bond Counsel for the County ("Bond Counsel"), under existing law, interest on the 2024A Bonds (1) will not be included in gross income for federal income tax purposes, and (2) will be exempt from existing State of North Carolina income taxation. Interest on the 2024A Bonds is not a separate tax preference item for purposes of the federal alternative minimum tax; 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," as defined below) for the purpose of computing the alternative minimum tax imposed on corporations for tax years that begin after December 31, 2022.

The County has covenanted to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "*Code*"), regarding, among other matters, the use, expenditure and investment of the proceeds derived from the sale of the 2024A Bonds and the timely payment to the United States of any arbitrage profit with respect to the 2024A Bonds. The County's failure to comply with such covenants could cause interest on the 2024A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2024A Bonds.

In addition to the matters addressed above, prospective purchasers of the 2024A Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, certain S corporations, certain foreign corporations subject to the branch profits tax, corporations subject to the environmental tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2024A Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Tax Treatment of 2024B Bonds – Federally Taxable. In the opinion of Bond Counsel, under existing law, interest payments on the 2024B Bonds **will be included in gross income for federal income tax purposes,** but will be exempt from State of North Carolina income taxation.

Other Matters. Bond Counsel will give its opinions in reliance upon certifications by County representatives and others as to certain facts relevant to the opinion.

Bond Counsel's opinions do not address the tax-exempt status of payments on the 2024 Bonds derived from parties other than the County, even if those payments are denominated as interest with respect to the 2024 Bonds. Bond Counsel will express no other opinion regarding the federal or North Carolina tax consequences of the ownership of or the receipt or accrual of interest on the 2024 Bonds.

Interest on the 2024 Bonds may or may not be subject to state or local taxation in jurisdictions other than North Carolina. Prospective purchasers of the 2024 Bonds should consult their own tax advisors as to the status of interest on the 2024 Bonds under the tax laws of any such jurisdiction other than North Carolina.

FEDERAL TAX MATTERS RELATED TO THE TAXABLE 2024B BONDS

The following is a summary of certain U.S. federal income tax consequences relating to the purchase, ownership and disposition of the taxable 2024B Bonds. It does not provide a complete analysis of all potential tax considerations relating to the purchase, ownership and disposition of the 2024B Bonds that may be relevant to investors in light of their particular investment or other circumstances.

This summary is based on the provisions of the Code, the applicable Treasury Regulations promulgated or proposed under the Code (the "Treasury Regulations"), judicial authority and administrative rulings and practice, all of which are subject to change, possibly retroactively, or to different interpretation.

This summary applies only to initial purchasers of the 2024B Bonds that are "U.S. holders" (as defined below), acquire the 2024B Bonds at their original issue price within the meaning of Section 1273 of the Code and hold the 2024B Bonds as capital assets. A capital asset is generally an asset held for investment rather than as inventory or as property used in a trade or business. This summary also does not discuss the particular tax consequences that might be relevant to investors that are subject to special rules under the federal income tax laws. Special rules apply, for example, to trusts; estates; tax-exempt investors; foreign investors; banks, thrifts, insurance companies, regulated investment companies, or other financial institutions or financial service companies; brokers or dealers in securities, commodities or foreign currency; U.S. persons that have a functional currency other than the U.S. dollar; partnerships or other flow-through entities; real estate investment trusts, financial asset securitization investment trusts, subchapter S corporations; person subject to alternative minimum tax; persons who own the Bonds as part of a straddle, hedging transaction, constructive sale transaction or other risk-reduction transaction; persons who have ceased to be U.S. citizens or to be taxed as resident aliens; or persons who acquire the 2024B Bonds in connection with their employment or other performance of services.

The following summary does not address all possible tax consequences. In particular, except as specifically described below, it does not discuss any estate, gift, generation skipping, transfer, state, local or foreign tax consequences. No ruling from the Internal Revenue Service (the "IRS") has been sought with respect to the statements made and the conclusions reached in the following summary, and there is no assurance that the IRS will agree with those statements and conclusions. For all these reasons, each prospective investor should consult with its tax advisor about the federal income tax and other tax consequences of the acquisition, ownership and disposition of the 2024B Bonds.

As used herein, a "U.S. holder" is a beneficial owner of the 2024B Bonds who is a "United States person" and whose status as a U.S. holder is not overridden under the provisions of an applicable tax treaty. For these purposes, a "United States person" is a citizen or resident of the United States; a corporation or partnership that is created or organized in or under the laws of the United States or any of the fifty states or the District of Columbia, unless, in the case of a partnership, otherwise provided by the Treasury Regulations; an estate the income of which is subject to federal income taxation regardless of its source; or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

NOTICE PURSUANT TO IRS CIRCULAR 230

This discussion was not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. This discussion was written to support the promotion or marketing of the 2024B Bonds. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

ORIGINAL ISSUE PREMIUM

The 2024A Bonds maturing on October 1, 2025 through October 1, 2039, inclusive (collectively, the "Premium Bonds") are being sold at an initial offering price in excess of the principal amounts payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes "original issue premium". Original issue premium is not deductible for federal income tax purposes.

For an owner of a Premium Bond, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity).

Bond Counsel's opinion will not specifically address any issues relating to the treatment of premiums paid on Premium Bonds. **Owners of Premium Bonds should consult their tax advisors with respect to the tax consequences of owning or disposing of a Premium Bond**.

ORIGINAL ISSUE DISCOUNT

The 2024A Bonds maturing on October 1, 2044 (the "Discount Bonds") are being sold at an initial offering price which is less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Discount Bonds are sold and (b) the principal amount payable at maturity of such Discount Bonds constitutes original issue discount treated as interest which (in the case of the 2024A Bonds) will be excluded from the gross income of the owners of such Discount Bonds for federal income tax purposes.

In the case of an owner of a Discount Bond, the amount of original issue discount on such Discount Bond is treated as having accrued daily over the term of such Discount Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such Discount Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on the sale, redemption or other disposition of a Discount Bond which are attributable to accrued original issue discount on such Discount Bond will be treated (in the case of the 2024A Bonds) as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. However, it should be noted that with respect to certain owners, a portion of the original issue discount that accrues in each year w may result in other collateral federal income tax consequences for certain taxpayers in the year of accrual. Consequently, owners of a Discount Bond should be aware that the accrual of original issue discount on any Discount Bond in each year may result in a federal alternative minimum tax liability or other collateral federal income tax consequences, even though such corporate owner may not have received any cash payments attributable to such original issue discount in such year.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such Discount Bond) at a rate determined by reference to the yield to maturity of each individual Discount Bond. The amount treated as original issue discount on a Discount Bond for a particular semiannual accrual period is equal to (a) the product of (1) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (2) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such Discount Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If a Discount Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the Discount Bonds who subsequently purchase any Discount Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the 2024 Bonds. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of a Discount Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of a Discount Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on a Discount Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

Bond Counsel's opinion will not address issues relating to the treatment of original issue discounts on the Discount Bonds. **Owners of Discount Bonds should consult their tax advisors with respect to the tax consequences of owning or disposing of a Discount Bond**.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12"), the County has undertaken in the Trust Agreement to provide, or cause to be provided through the Trustee, to the Municipal Securities Rulemaking Board (the "MSRB"):

(1) 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 of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(2) 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 the preceding fiscal year for the type of information included under the captions "**THE COUNTY—DEBT INFORMATION**" and "**—TAX INFORMATION**" in Appendix A relating to the 2024 Bonds (excluding any information on overlapping or underlying debt) to the extent such items are not included in the audited financial statements referred to in (1) above;

(3) 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:

(a) principal and interest payment delinquencies;

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

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

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

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

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024A Bonds, or other material events affecting the tax status of the 2024A Bonds;

(g) modifications to rights of holders of the 2024 Bonds, if material;

(h) calls for redemption of 2024 Bonds (other than calls pursuant to sinking fund redemption), if material, and tender offers;

(i) defeasances;

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

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar proceedings related to the County or any other person or entity that may at any time become legally obligated to make payments on the 2024 Bonds (collectively, the "Obligated Persons");

(m) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;

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

(o) incurrence of a financial obligation 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 or any Obligated Person, any of which affect security holders, if material; and

(p) 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

(4) in a timely manner, notice of a failure of the County to provide required annual financial information described in (1) or (2) above on or before the date specified.

For purposes of the foregoing, "financial obligation" means a (a) debt obligation, (b) 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 (a) or (b). 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.

For the purposes of the event identified in subparagraph (l) above, the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

The County shall provide the document referred to above to the MSRB 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 transmitting the documents referred to above to any entity and by any method authorized by the U.S. Securities and Exchange Commission.

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

The County has acknowledged in the Trust Agreement that its undertaking pursuant to Rule 15c2-12 is intended to be for the benefit of the registered owners of the 2024 Bonds and is enforceable by the Trustee or by any registered owner of the 2024 Bonds. THE RIGHT TO ENFORCE THE PROVISIONS OF THE COUNTY'S RULE 15C2-12 UNDERTAKINGS IS LIMITED TO A RIGHT TO OBTAIN SPECIFIC PERFORMANCE OF THE COUNTY'S OBLIGATIONS AND A FAILURE BY THE COUNTY TO COMPLY WITH ITS RULE 15C2-12 UNDERTAKINGS WILL NOT BE AN EVENT OF DEFAULT UNDER THE TRUST AGREEMENT AND WILL NOT RESULT IN ACCELERATION OF THE INSTALLMENT PAYMENTS.

The County may modify from time to time, consistent with Rule 15c2-12, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that (1) 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; (2) the information to be provided, as modified, would have complied with the requirements of the Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule 15c2-12, as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2024 Bonds. Any annual financial information containing modified operating data or financial information will 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 County's Rule 15c2-12 undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal and interest with respect to the 2024 Bonds.

THE COUNTY'S CONTINUING DISCLOSURE COMPLIANCE

During the past five years, the County has complied in all material respects with the terms of its prior undertakings under Rule 15c2-12. The audited financial statements and required statistical data for the fiscal year ended June 30, 2020, while timely filed by the County, were not properly linked to the CUSIP numbers for the County's Limited Obligation Bonds, Series 2019B on EMMA. Additionally, while the County timely filed notice of the incurrence of a material financial obligation with respect to its issuance of $41,535,000 Limited Obligation Bonds, Series 2022, such notice was not properly linked to the CUSIP numbers for the County's General Obligation School Bonds, Series 2020 on EMMA. The County has since updated the CUSIP numbers to which such filings are linked. The County believes that at this point, it has filed all the financial information that its previous commitments require, and that all required financial information is posted with regard to all relevant CUSIP numbers.

UNDERWRITING

The Underwriters have agreed under the terms of a Bond Purchase Agreement (the "Purchase Agreement") to purchase all of the 2024 Bonds, if any of the 2024 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount of the 2024 Bonds, plus net original issue premium of $807,120.75, less an Underwriters' discount of $71,070.78. The Underwriters' obligation to purchase the 2024 Bonds is subject to certain terms and conditions set forth in the Purchase Agreement.

The Underwriters may offer and sell the 2024 Bonds to certain dealers (including dealers depositing the 2024 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside front cover page hereof. The public offering prices may be changed from time to time by the Underwriters.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings Inc. have assigned ratings of "Aa1," "AA+" and "AA+," respectively, to the 2024 Bonds. These ratings reflect only the view 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.

MISCELLANEOUS

All quotations from and summaries and explanations of the Trust Agreement and the Modified Deed of Trust contained herein or in Appendix C hereto do not purport to be complete, and reference is made to such documents for full and complete statements of their respective provisions. The Appendices attached hereto are a part of this Official Statement.

The information contained in this Official Statement has been compiled or prepared from information obtained from the County and other sources deemed to be reliable and, although not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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APPENDIX A

THE COUNTY

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GENERAL DESCRIPTION

Orange County, founded in 1752, is located in the north-central portion of the State on the Piedmont Plateau. The County lies approximately midway between the cities of Atlanta, Georgia and Washington, D.C. Interstate Highway 40 connects to Interstate Highway 85 within the County. Interstate Highway 85 connects the region west through Greensboro to Charlotte and Atlanta, and connects to Interstate Highway 95 just south of Richmond, Virginia.

There are four municipalities in the County: the Towns of Chapel Hill and Carrboro in the southeastern part of the County and the Town of Hillsborough and the City of Mebane in the central corridor of the County along Interstate Highway 85 and Interstate Highway 40. The Town of Chapel Hill is the largest municipality in the County and the home of The University of North Carolina at Chapel Hill. The Town of Hillsborough is the County seat.

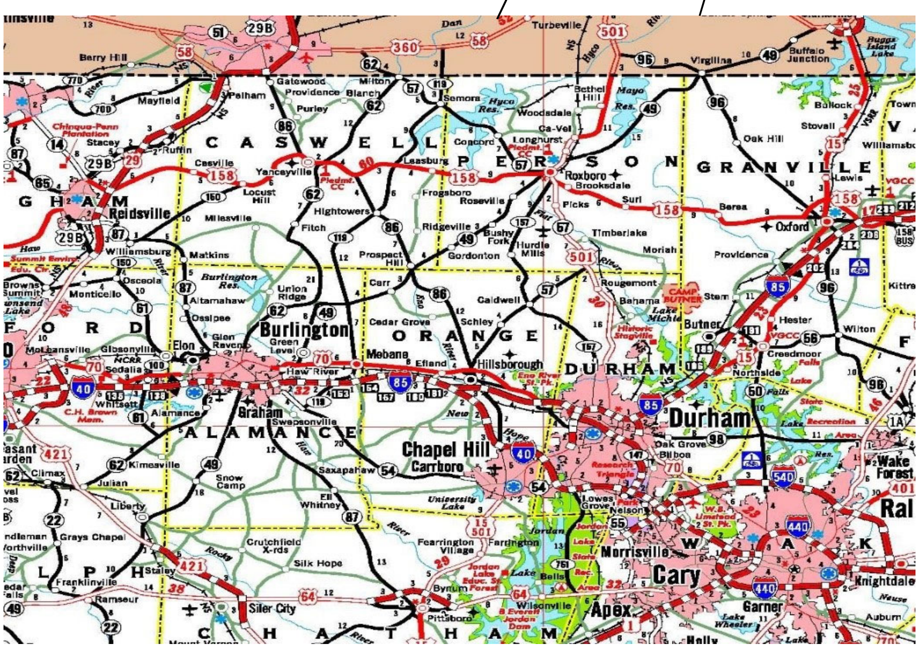
The County is part of the Durham-Chapel Hill Metropolitan Statistical Area, which also includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities. Interstate Highway 40 connects the County directly with the Research Triangle Park and Raleigh-Durham International Airport. The City of Mebane, home of most of the County's major manufacturing employers, is on the westernmost boundary of the County. A major portion of the City of Mebane lies in neighboring Alamance County. North of Interstate Highway 85 the County is mostly rural, with a mixture of farming, residential and light industrial and commercial uses.

The County is approximately 401 square miles in area, of which approximately 177 square miles are unincorporated, 39 square miles are farmland, 132 square miles are forested, and 53 square miles are urbanized.

New York, New York 438 Miles

Vicinity Map (50 Mile Radius)

Washington, D.C. 251 Miles



Atlanta, Georgia 351 Miles

DEMOGRAPHIC CHARACTERISTICS

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

1990	2000	2010	2020
93,851	118,227	133,801	148,696

The North Carolina Office of State Budget and Management has estimated the County's population at July 1 of each of the past five years to be as follows:

2018	2019	2020	2021	2022
142,148	142,597	148,613	148,331	148,707

According to the North Carolina Office of State Budget and Management, as of July 1, 2022, the Town of Chapel Hill (the portion located in the County) had an estimated population of 59,270, the Town of Carrboro had an estimated population of 21,136, the Town of Hillsborough had an estimated population of 9,902 and the City of Mebane (the portion located in the County) had a population of 3,675.

The following table presents per capita personal income figures for the County, the State and the United States:

Year	County	State	U.S.
2018	61,803	$46,040	$53,309
2019	65,941	48,366	55,547
2020	72,271	51,781	59,153
2021	75,349	56,705	64,430
2022	77,568	58,109	65,470

Source: United States Department of Commerce, Bureau of Economic Analysis (most recent data available).

Commercial, Industrial and Institutional Profile

The County's economy is characterized by a high degree of institutional and public-sector activity, plus office, commercial and service-oriented business. According to the Orange County Economic Development Commission, the leading industries in the County are educational, health and social services, professional, scientific, management, administrative and waste management services and arts, entertainment, recreation, accommodation and food services. The County's most common occupations, according to the Orange County Economic Development Commission, are professional, education and health care occupations (50%), service occupations (18%) and manufacturing, construction, transportation and warehousing occupations (13%).

The University of North Carolina at Chapel Hill and UNC Health Care System, both located in the Town of Chapel Hill, are the largest employers in the County. As of June 30, 2023, they employed approximately 13,108 and 13,536 employees, respectively. Established in 1789, The University of North Carolina at Chapel Hill occupies 729 acres in the County and had an enrollment of approximately 31,705 undergraduate, graduate and professional students for the 2022-2023 academic year. UNC Health Care System opened in 1952 and occupies over 2 million square feet of leased and owned floor space. UNC Medical Center has more than 1,000 beds, 1,100 medical staff and 780 resident physicians.

In 2015, UNC Health Care System opened a new medical campus in Hillsborough. The campus includes 50 acute care beds, an 18-bed intensive care unit, six operating rooms, two procedure rooms, an emergency department and outpatient medical and surgical specialty services, including urgent care, imaging and oncology. The new facilities were constructed at a cost of approximately $200 million. In 2021, UNC Health Care System opened a new medical office building in the County. The facility consists of a 150,000 square-foot medical building and a 1,000-space parking garage.

The County is also the place of residence for many technical, professional and executive people who work in the Research Triangle Park and neighboring cities of Durham, Raleigh, and Burlington. The Research Triangle refers to an area located among three municipalities: Chapel Hill, Durham and Raleigh. In addition to The University of North Carolina at Chapel Hill, universities located in these municipalities include Duke University and North Carolina Central University in the City of Durham and North Carolina State University in the City of Raleigh. The proximity of these universities makes the Research Triangle area well-suited to many types of research activities.

The Research Triangle Park (the "Park"), located ten miles east of the County, contains 7,000 acres of land which has been reserved for research and research-oriented manufacturing. Since its inception in the 1950's, approximately 300 private and governmental organizations have located facilities in the Park and currently employ more than 55,000 people. The largest employers in the Park include: GlaxoSmithKline, Cisco Systems, Inc., IBM Corporation, UBS (Credit Suisse), RTI International, Fidelity Investments, U.S. Environmental Protection Agency, Lenovo and NetApp. Because of its close proximity to the County and the fact that many of the Park's employees reside in the County, the impact of the Park on the County's economy is significant.

In addition to the Park, the County has several areas within its borders that are focused on industry and manufacturing. Several manufacturing firms are located along Interstate Highway 85 in the western portion of the County, and the County is targeting this area for future growth of industrial and commercial concerns. Additionally, the County has designated over 2,450 acres in three strategically-placed areas along Interstates 85 and 40 as Economic Development Districts. The County's location, midway between the Piedmont Triad and Research Triangle metropolitan areas, makes these sites extremely attractive. The districts offer development potential for light industrial, warehouse/flex space, office, retail and business service. Numerous tracts, ranging in size from 20 to 100 acres or more, are available.

The County is also seeking to spur economic development by providing funds through the Article 46 Sales Tax to finance the development of utility extensions for commercial entities. The County uses the Article 46 Sales Tax to provide a portion of the upfront water/sewer infrastructure costs for businesses. The first project funded by the County was a $4 million water and sewer infrastructure project in the Mebane/Buckhorn area, on land owned by the County. The site is being developed as an industrial park. Morinaga American Foods, Inc., the American affiliate of the Japanese candy maker of Hi-Chew candies purchased 21 acres of land and has constructed a manufacturing plant that initially employed 90 people. The 100,000 square foot plant opened in 2015, representing a $48 million investment within the County.

In July 2019, Swiss-Swedish company ABB announced an expansion to its existing 400,000 square foot manufacturing facility in the County. The company said it would spend $40 million over five years to build a new 200,000 square foot manufacturing facility and create approximately 400 new manufacturing jobs at the site. This investment has now been completed, creating approximately 400 electrical assembly jobs. ABB has its United States headquarters in nearby Cary, North Carolina. ABB's previous acquisition of an existing GE manufacturing facility now makes it the County's largest private employer.

In September 2019, Medline Industries, a distributor and manufacturer of medical supplies announced plans to invest $65 million to construct an approximately 1.2 million square foot facility located near the City of Mebane in the County. The company has created 250 new jobs in its first five years, and Medline ultimately expects to employ up to 500 full time workers. Construction of the facility was completed in 2021, and the distribution center officially opened in 2023.

In November 2019, Well Dot announced an expansion in the County. The company provides healthcare IT call center services, and is expected to bring over 400 jobs to the County. The company completed $40 million in financing in 2020 and $70 million in 2022 that is anticipated to continue the company's growth and employment in the County.

In November 2021, Thermo Fisher Scientific announced an investment of $192.5 million for a 375,000 square foot facility to manufacture precision pipette tips for laboratory, research and bioscience use generating between 200 to 300 jobs with the potential for future expansion.

In February 2021, Wegmans Foods Markets, Inc. opened a new 100,00-square foot store in the County at an estimated cost of $30 million. The store that is expected to employ 185 full time and 245 part time employees.

The Board of County Commissioners approved the Research Triangle Logistics Park to be built on q 160-acre site at the southeastern corner of NC 86 and Interstate 40 in Hillsborough. The 2.4 million square foot research park is aimed at attracting warehouse, light industry and research companies. Certain utility work has begun on the site, and the new industrial hub is scheduled to deliver nearly 450,000 square feet in the third quarter of 2025. The potential investment is anticipated to be at least $225 million in real property.

The following table lists the ten largest employers in the County as of June 30, 2023:

Company	Industry	Number of Employees	Percentage of Total County Employment
UNC Health Care	Health Services	13,536	27.57%
UNC Chapel Hill	Higher Education	13,108	26.69
Chapel Hill-Carrboro City Schools	Education	1,787	3.64
Orange County Government	Public Administration	1,383	2.82
Orange County Schools	Education	1,280	2.61
Town of Chapel Hill	Public Administration	825	1.68
ABB (formerly General Electric)	Manufacturing	805	1.64
AKG of America	Manufacturing	430	0.88
Wegmans	Grocery Services	372	0.76
Armacell	Manufacturing	351	0.71

Source: Annual Comprehensive Financial Report of the County for the year ended June 30, 2023.

Construction activity in the County for the past five calendar years is indicated by the number and construction value of building permits as set forth in the following table:

		(Value in Thousands)		
Year	Number	Non-Residential	Residential	Total
2019	2,659	$31,543	$159,928	$191,471
2020	2,777	37,282	159,938	197,220
2021	2,602	11,045	168,388	179,433
2022	2,436	25,689	141,823	167,513
2023	2,640	25,347	182,138	207,485
2024[1]	2,194	8,452	142,178	150,631

[1] For the nine months ended March 31, 2024. The number of permits issued for the nine months ended March 31, 2023 were 1,979, with a value for non-residential of $222,193 and residential value of $67,945,188.
Source: County Permits and Inspections Division.
Note: Does not include permits issued in Chapel Hill, Carrboro and Mebane.

Total taxable retail sales in the County for the past five fiscal years and for a portion of the current fiscal year are shown in the following table:

Fiscal Year Ended June 30	Taxable Retail Sales	Increase Over Previous Year
2019	$1,923,461,091	8.9%
2020	1,955,949,713	1.7
2021	2,149,246,638	9.9
2022	2,482,070,449	15.5
2023	2,788,217,449	12.3
2024[1]	1,936,695,378	--

Source: North Carolina Department of Revenue.
[1] For the eight months ended February 29, 2024. Taxable sales for the eight months ended February 28, 2023 were $1,856,590,265.

Sales tax revenue of the County for past five fiscal years and for a portion of the current fiscal year is shown in the following table:

Fiscal Year Ended June 30	Sales Tax Revenue	Increase Over Previous Year
2019	$31,843,731	8.3%
2020	31,800,771	(0.1)
2021	36,008,088	14.5
2022	37,755,859	18.3
2023	43,396,780	14.5
2024[1]	31,866,417	--

Source: Annual Comprehensive Financial Reports of the County.
For the seven months ended January 31, 2024. Sales Tax Revenue for the seven months ended January 31, 2023 was $32,566,537.

The Article 46 one-quarter cent sales tax (the "Article 46 Sales Tax") was approved by Orange County voters in a November 2011 referendum, and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Article 46 Sales Tax was initially estimated to generate $2,500,000 annually. Article 46 sales tax revenue for the fiscal year ended June 30, 2023 was approximately $5.9 million, and the County has estimated Article 46 sales tax revenue for the fiscal year ending June 30, 2024 to be approximately $6.1 million. The Board of County Commissioners approved a ten-year commitment which authorized equal distributions of the one-quarter cent sales tax to support Schools and Economic Development. Fifty percent of the one-quarter cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund capital projects. The other 50% is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the County's three economic development districts.

The County's other sales and use taxes (Articles 39, 40, 42, and 44 Sales Taxes) are reported in the County's General Fund and are included in the above table with Article 46 Sales Tax.

The County's Articles 40 and 42 one-half cent local option sales and use taxes, which were authorized by the North Carolina General Assembly in 1983 and 1986, respectively, comprise significant funding sources for the County's school capital requirements and school debt retirement.

Employment

The North Carolina Department of Commerce has estimated the percentage of unemployment in the County to be as follows:

	2020	2021	2022	2023	2024
January	3.2%	4.6%	3.1%	3.0%	2.7%
February	3.2	4.3	2.9	2.9	2.8
March	4.0[1]	3.8	2.7	2.8	3.2
April	9.0[1]	3.5	2.7	2.5	
May	8.2[1]	3.8	3.1	2.9	
June	7.4	4.1	3.4	3.1	
July	6.8	4.1	3.6	3.2	
August	5.0	3.9	3.6	3.2	
September	4.4	3.1	2.9	2.8	
October	3.9	3.1	3.1	2.8	
November	4.0	2.9	3.1	2.8	
December	4.3	2.5	2.7	2.6	

[1] Layoffs began in March, April and May due to the COVID-19 pandemic.
Note: Not seasonally adjusted.
Source: N.C. Department of Commerce: Labor and Economic Analysis Division.

The County's unemployment rate averaged 2.9% in 2023, as compared to 3.5% for the State and 3.6% for the United States.

Government and Major Services

Government Structure. The County has a commission-manager form of government with a seven-member Board of Commissioners comprising the governing body. The commissioners are elected on a partisan basis for staggered four-year terms. The County manager is appointed by and serves at the pleasure of the Board of Commissioners. The Board of Commissioners annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The County Manager has the responsibility of administering these programs in accordance with the policies and the annual budget adopted by the Board of Commissioners.

Education. Two separate school administrative units, Chapel Hill-Carrboro City Schools ("CHCCS") and Orange County Schools ("OCS"), provide public education in the County. CHCCS serves the Towns of Chapel Hill and Carrboro and a small area outside the Towns, and OCS serves the remainder of the County. CHCCS has the highest average SAT scores in the State for public school systems and its high schools have been recognized in national publications for their excellent academic performance. Non-partisan elected boards of education administer both units.

The State pays for the basic minimum education program for each school administrative unit. Funding for this basic program is provided by appropriations from the State Public School Fund. Additional funding is provided by special State and federal grants. The County also appropriates funds to each school system, which provides for program expansions beyond the State basic minimum. The County has consistently maintained among the highest per pupil appropriations of any county in the State. A special school district tax is levied in CHCCS. This tax is a significant revenue source for the CHCCS system. (See the section "Tax Information" below.) The County Commissioners have adopted a policy of allocating approximately 50% of unrestricted locally-generated revenues to public school purposes.

The following table reflects average daily membership ("ADM")[1] and the number of schools for both OCS and CHCCS for the past five academic years.

Chapel Hill-Carrboro City Schools

	Elementary Grades K-5		Intermediate Grades 6-8		Secondary Grades 9-12		
School Year	No. of Schools	ADM	No. of Schools	ADM	No. of Schools	ADM	Total ADM
2019-20	11	5,354	4	3,051	3	3,950	12,355
2020-21	11	4,893	4	2,912	3	3,932	11,737
2021-22	11	5,054	4	3,188	3	4,206	12,448
2022-23	11	4,657	4	2,794	3	3,918	11,369
2023-24	11	4,565	4	2,706	3	3,969	11,240

Orange County Schools

	Elementary Grades K-5		Intermediate Grades 6-8		Secondary Grades 9-12		
School Year	No. of Schools	ADM	No. of Schools	ADM	No. of Schools	ADM	Total ADM
2019-20	7	3,216	3	1,805	2	2,367	7,388
2020-21	7	3,047	3	1,654	2	2,381	7,082
2021-22	7	3,040	3	1,651	2	2,278	6,969
2022-23	7	3,056	3	1,601	3	2,409	7,066
2023-24	7	3,066	3	1,567	3	2,354	6,987

[1] ADM or average daily membership, determined by actual records at the schools, is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computations are used as a basis for teacher allotments.

Note: Enrollment declines for FY 2020-21 reflect impacts from remote learning attributed to public health protocols to counter the COVID-19 pandemic. Additional factors include increases throughout the State in enrollment growth among private schools, public charter schools and homeschooling.

Source: Orange County Board of Education and the Chapel Hill-Carrboro City Schools Board of Education Finance Offices.

The County is home to two institutions of higher learning. The University of North Carolina at Chapel Hill is the flagship university in the State's 17 institution system and is consistently ranked one of the top public universities in the country. Enrollment at The University of North Carolina at Chapel Hill rose from 8,791 in 1960 to 31,705 for the 2022-23 academic year. The University is planning a new living and learning community in Chapel Hill, called Carolina North, which will occupy over 250 acres of land in the County.

Durham Technical Community College is a public two-year accredited institution of higher education and technical training school primarily located in Durham, North Carolina that has a 20-acre Orange County campus located outside the Town of Hillsborough. Durham Tech serves more than 18,000 students and offers programs leading to over 110 degrees, certificates and diplomas. The County contributed $884,405 toward operating expenses of Durham Technical Community College in the fiscal year ended June 30, 2023 and has budgeted $975,346 toward such operating expenses for the fiscal year ended June 30, 2024.

Additionally, the County is located within a one-hour drive of several other colleges and universities. These include Alamance Community College, Duke University, Elon University, High Point University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University and the University of North Carolina at Greensboro.

Transportation. Major expansion and maintenance of primary and secondary highways within the County are primarily the responsibility of the State. Municipalities within the County bear the responsibility for local street systems. The County has no responsibility for the construction or maintenance of streets or highways.

The County is served by two interstate highways, which merge in the center of the County. Interstate Highway 85 connects the County to the cities of Greensboro, Charlotte and Atlanta to the south and west, and the cities of Durham, Richmond and Washington, D.C. to the north and east. Interstate Highway 40 connects the County to the cities of Winston-Salem, Greensboro and Asheville to the north and west, and the Research Triangle Park and the City of Raleigh to the south and east. Other major highways include U.S. highways 15-501 and 70 and N.C. highways 54, 57 and 86.

The Town of Chapel Hill operates a local bus system that provides public transportation services to the Town and adjacent areas, including services to the Town of Carrboro and the University of North Carolina at Chapel Hill on a contractual basis. Effective January 1, 2002, the Town instituted the State's first fare free transportation system for passengers on all regular routes and services. Bus routes and stops are located so that 90% of all households are within one-quarter mile of a bus stop. The Town has established several park-ride lots on the perimeter of the Town to facilitate transportation in and out of the University and downtown area. The system operates 99 buses during weekday peak periods, and shared-ride, demand responsive programs to provide evening services.

The bus system is the second largest transit system in the State by ridership, providing over seven million rides per year prior to COVID-19. The bus system is financed primarily with a special ad valorem tax levy, federal and State operating and capital assistance, and contractual contributions from the Town of Carrboro and the University. The Town receives federal operating assistance from the Federal Transit Administration and State operating assistance which combined equals about 30% of eligible operating costs for the system.

Orange County Transportation Services offers a continuum of locally accessible transportation services, including pick-up and drop-off services for the elderly and disabled. The Hillsborough circulator connects major destinations throughout Hillsborough with hourly service Monday through Friday. This service is free to all passengers. In addition, Triangle Transit Authority operates a bus system that provides commuter services to County residents. Orange County Transportation Services was awarded $1.7 million in COVID-19 grant funding to support operating and capital requirements.

Air transportation is provided by various major, commuter and commercial airlines at the Raleigh-Durham International Airport ("RDU"), approximately ten miles from the County. RDU is serviced by ten major airlines and 8 regional airlines. Approximately 14.5 million people boarded or deplaned aircraft at this airport in calendar year 2023, as compared to 11.8 million passengers in calendar year 2022. RDU currently has non-stop service to 47 domestic and 10 international destinations.

Rail freight service is provided by Norfolk Southern Railway. Railway passenger service is provided by Amtrak through its terminals located in Durham, Cary and Raleigh.

Human Services

Social Services Programs. Social Services programs are provided for by a combination of federal, state and local funds. Among the programs provided are: Work First, Temporary Aid to Needy Families Child Protective Services, Daycare Administrative, Foster Care, Energy Assistance, Medicaid, Child Support Enforcement and programs for the elderly. The Department of Social Services has received $318,680 in COVID-19 Grants to support various human service requirements.

Housing Programs. The Department of Housing and Community Development has been awarded $8.7 million in CARES Rounds 1 and 2 funds, CDBG-CV, ESG-CV, HUD and NCORR Hope grants. These funds have supported the County's Housing Stabilization programs which include emergency rental assistance, eviction mitigation, housing vouchers and landlord incentives. The County has coordinated its housing response with the Towns of Carrboro, Chapel Hill and Hillsborough.

Health Programs. The County provides environmental, sanitation, family planning, dental and nursing services throughout the County. Clinics are offered in the towns of Hillsborough and Chapel Hill and in the public schools. The County has access to the services of the schools of medicine, dentistry, nursing and public health at The University of North Carolina at Chapel Hill and the University Hospitals, as well as Duke University Medical Center and a U.S. Veterans Administration Hospital within five miles of the County. No County investment in hospital or major medical facilities is anticipated. The County Health Department received $1.4 million in COVID-19 funds to support contact tracing and vaccine distribution throughout the County.

Mental Health Programs. The County currently provides funding for mental health, development disabilities, and substance abuse services through Alliance Healthcare, a Managed Care Organization. On February 16, 2021, the Board of Commissioners approved a Local Management Entities/Managed Care Organizations (LME/MCO) Disengagement Plan to transition the management of Medicaid and uninsured behavioral health and intellectual/developmental disability (I/DD) services from Cardinal Innovations Healthcare to Alliance Healthcare. The County, Alliance Healthcare and Cardinal Innovations Healthcare are implementing a Continuity of Services Plan to ensure a seamless transition for stakeholders. The transition to Alliance became effective January 1, 2022.

Other Human Services. In addition to social service, health and mental health programs, the County provides agricultural services, housing and community development services, library services aging services, criminal justice resources and support to various private non-profit agencies located within the County.

Parks, Recreation and Open Space. The North Carolina Department of Natural and Cultural Resources works to conserve and manage the natural and cultural resources of the County. Included within this "green infrastructure" are natural areas and nature preserves, open spaces, parks and recreation facilities, water resources, and agricultural and resource lands. Programs ranging from athletics to fine arts are offered to residents of all ages at several park sites and community centers.

Public Service Enterprises

Water and Sewer Services. Water and sewer services are provided to the majority of the population of the County by the Orange Water and Sewer Authority (the "Authority"). The Authority was created in 1975 by the Board of Commissioners for the County and the boards of aldermen of the towns of Chapel Hill and Carrboro for the purpose of acquiring, consolidating, improving, and operating the existing water and sewer systems in the southern portion of the County. Prior to the formation of the Authority, water service was provided by the University of North Carolina at Chapel Hill and the Town of Carrboro and sewer service was provided by the towns of Chapel Hill and Carrboro in conjunction with the University.

The Authority began utilities operations in 1977 when the Towns of Chapel Hill and Carrboro and the University of North Carolina at Chapel Hill conveyed their water and sewer facilities to the Authority. Under the terms of the transfer, the Authority provides and maintains sewage collection and treatment facilities and water supply, treatment and distribution facilities.

The Town of Hillsborough and the City of Mebane, which is partly located within the corporate limits of the County, also own and operate water and sanitary sewer systems. The County issued water and sanitary sewer bonds in the late 1960s to finance the construction of the Lake Orange reservoir, which serves the water system of the Town of Hillsborough, and the construction of improvements which serve the water and sanitary sewer systems of the City of Mebane. In addition, the Orange Alamance Water System, a private corporation, utilizes Lake Orange and provides water service to a part of the west central portion of the County.

The County's water supply has been supplemented by the addition of the Cane Creek Reservoir, which was built by the Authority in 1989. Increased water supply has also resulted from the renovations to the dam at Lake Orange, which is owned by the County.

Sanitary Landfill. The County owned and operated a sanitary landfill serving County residents until that landfill closed in June 2013. On July 1, 2013, the County entered into an interlocal agreement with the nearby City of Durham, North Carolina, for certain solid waste purposes. The City of Durham has agreed to allow the County to deliver solid waste to a City-operated transfer station in Durham. The agreement provides the opportunity to renew the agreement upon written execution by both parties. The County continues to evaluate other options for solid waste disposal.

Other Public Service Enterprises. Telephone service in the County is provided by Sprint, BellSouth, Mebtel and Verizon Communication. Electric service is provided by Duke Energy and Piedmont Electric Membership Corporation. Gas service is provided by Dominion Energy.

Other Services. Fire and police protection are provided by the Towns of Chapel Hill, Carrboro, Hillsborough and Mebane within their respective jurisdictions. In the unincorporated areas of the County fire protection is provided in 12 fire districts pursuant to contracts between the County, the municipalities and various fire departments. Police protection in the unincorporated areas of the County is provided by the County Sheriff's Department.

The County's Emergency Services Department provides four general areas of countywide emergency assistance, emergency communications (911), emergency medical services, fire marshal and emergency management. Volunteer rescue squads work jointly with the County to provide a significant amount of such services.

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 an approximate amount of $1.5 billion as of June 30, 2023.

Outstanding General Obligation Debt

General Obligation Bonds	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
School Bonds	$110,360,000	$109,450,000	$120,435,000	$114,255,000
Refunding Bonds	20,080,000	14,550,000	7,815,000	2,560,000
Other Bonds	560,000	--	--	--
Total Outstanding Debt	$131,000,000	$124,000,000	$128,250,000	$116,815,000

General Obligation Debt Ratios

June 30,	Total Outstanding GO Debt	Assessed Valuation	Total GO Debt To Assessed Valuation	Population[1]	Total GO Debt Per Capita
2019	$125,740,000	$18,681,613,587	0.67%	145,574	$863.75
2020	131,000,000	18,956,491,582	0.69	148,613	881.48
2021	124,000,000	19,449,954,413	0.64	148,331	835.97
2022	128,250,000	21,944,533,529	0.58	148,707	862.43
2023	116,815,000	22,421,502,597	0.52	148,707[2]	785.54

[1] Estimate of North Carolina Office of State Budget and Management.
[2] 2022 population estimate.

General Obligation Debt Service Requirements and Maturity Schedule as of June 30, 2023

Fiscal Year Ending June 30,	Outstanding GO Debt Principal Payment	Principal and Interest Payment
2024	$9,470,000.00	$13,844,575
2025	6,910,000.00	10,843,975
2026	6,910,000.00	10,498,475
2027	6,910,000.00	10,154,850
2028	6,910,000.00	9,811,225
2029	6,910,000.00	9,496,058
2030	6,910,000.00	9,232,313
2031	6,910,000.00	9,002,163
2032	6,900,000.00	8,733,538
2033	6,900,000.00	8,474,025
2034	6,895,000.00	8,242,660
2035	6,895,000.00	8,031,310
2036	6,895,000.00	7,816,275
2037	6,895,000.00	7,596,661
2038	6,895,000.00	7,374,525
2039	5,425,000.00	5,691,219
2040	1,850,000.00	2,005,375
2041	1,850,000.00	1,952,000
2042	850,000.00	909,250
2043	725,000.00	754,000
Total	$116,815,000.00	$150,464,470

Note: Totals may not foot due to rounding.

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

Unit	2022 Population[1]	Assessed[2] Valuation	Tax Rate Per $100	Bonds Authorized and Unissued	Total GO Debt[2]	Total GO Debt Per Capita
Carrboro	21,136	$2,848,373,576	.6044	- -	$2,100,000	$99.36
Chapel Hill	62,195	9,514,586,959	.5220	$24,045,000	47,516,000	763.98
Hillsborough	9,902	1,584,586,675	.5870	- -	- -	- -
Mebane[3]	19,338	2,860,603,424	.4700	- -	- -	- -

[1] Estimates of North Carolina Office of State Budget and Management.
[2] Does not include installment financing agreements, revolving loans and revenue bonds as these obligations are not general obligations.
[3] Approximately 19% of this population resides in Orange County and 81% resides in Alamance County.

Other Long-Term Commitments

The County currently has a variety of financing agreements for vehicles and other equipment. In addition, the County has financed school, public buildings, landfill and water and sewer projects through installment financing agreements which, as of June 30, 2023, had a combined principal balance of approximately $190.79 million. Annual requirements to service these obligations are as follows:

Fiscal Year Ending June 30	Landfill and Sportsplex		Governmental Purposes		Totals	
	Principal	Principal and Interest	Principal	Principal and Interest	Principal	Principal and Interest
2024	$ 1,268,590	$1,594,130	$18,406,468	$24,320,036	$19,675,058	25,914,166
2025	1,131,406	1,412,446	18,444,652	23,913,150	19,576,058	25,325,596
2026	1,028,216	1,267,508	16,286,081	21,083,655	17,314,297	22,351,163
2027	1,227,576	1,420,918	16,993,423	21,068,209	18,220,999	22,489,127
2028	750,577	905,045	12,219,422	15,706,148	12,969,999	16,611,193
2029-2033	2,460,542	2,927,708	47,225,459	58,947,289	49,686,001	61,874,997
2034-2038	1,452,000	1,616,135	31,469,000	36,754,833	32,921,000	38,370,968
2039-2043	419,000	441,989	20,008,000	21,212,544	20,427,000	21,654,533
TOTALS	$9,737,907	11,585,879	$181,052,505	$223,005,864	$190,790,412	$234,591,743

Debt Outlook

The County has an extensive ten-year capital improvement program underway to provide public safety, school facilities, government facilities, affordable housing, and park improvements. The County's program will be funded through bond proceeds, installment financing proceeds, and pay-as-you go funds for specific County capital projects as identified in its long-term debt model. The County Manager's recommended ten-year capital investment program contemplates total borrowings of approximately $631.4 million including $13 million in Limited Obligation Bonds in fiscal year 2024 and $300 million in pending voter approval of Referendum General Obligation Bonds for both school districts beginning in fiscal year 2027. The County has factored in an estimated future tax rate increases of 8.88 cents in FY2025-26 to fund the capital program.

TAX INFORMATION

General Information

	Fiscal Year Ended or Ending June 30,			
	2020	**2021**	**2022**	**2023**
Assessed Valuation				
Assessment Ratio[1]	100%	100%	100%	100%
Real Property	$16,974,899,491	$17,333,962,055	$19,776,883,656	$20,915,506,497
Personal Property	1,726,673,593	1,769,659,485	1,884,947,740	1,504,996,150
Public Service Companies[2]	337,564,917	346,332,873	364,879,155	386,793,191
Less Tax-Exempt Property	(82,646,419)	(77,934,293)	(82,177,022)	(81,256,223)
Total Assessed Valuation[2]	$18,956,491,582	$19,449,954,413	$21,944,533,529	$22,421,502,597
Tax Rate per $100[3]	0.8679	0.8679	0.8187	0.8312
Levy	$ 164,884,700	$ 168,893,588	$ 179,742,965	$ 186,464,351

[1] Percentage of appraised value has been established by statute.
[2] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.
[3] Revaluation of real property became effective with the 2021-22 tax levy. Real property was previously reappraised for 2017-18 and the next appraisal will be effective in 2025-26.

In addition to the County-wide rate shown in the previous chart, all taxable property within the Chapel Hill-Carrboro City School Administrative Unit is subject to a special school district tax. The special school district tax rates per $100 assessed valuation for the past five fiscal years are as follows:

	Fiscal Year Ended or Ending June 30,				
	2019	**2020**	**2021**	**2022**	**2023**
Special School District					
Chapel Hill-Carrboro City Schools	$.2018	$.2018	$.2018	$.1830	$.1830

Special Fire Districts. Most property in the unincorporated portions of the County is also subject to an additional tax rate for one of the 12 fire districts, which range from $0.09092 to $0.16693 for the fiscal year ending June 30, 2023.

Tax Collections

Fiscal Year Ended June 30,	Prior Year's Levy Collections	Current Year's Levy Collections	Percentage Collected
2019	$967,983	$157,743,510	99.14%
2020	805,605	163,403,993	99.10
2021	853,760	167,481,534	99.16
2022	952,893	178,314,181	99.21
2023	1,258,129	185,261,931	99.36
2024[1]	757,719	188,300,309	99.03

[1] For the nine months ended March 31, 2024. For the nine-month period ended March 31, 2023, current year levy collections were $181,737,845.
Source: Annual Comprehensive Financial Report of the County for fiscal year ended June 30, 2023.

Ten Largest Taxpayers for the Fiscal Year ended June 30, 2023

Name	Type of Enterprise	Assessed Valuation	Percentage of Assessed Value
Duke Energy Carolina LLC	Public Utility	$188,387,969	0.84%
Chapel Hill Foundation Real Estate Holdings Inc	Apartments/Retail	112,650,500	0.50
Mre Propco LP (Medline)	Industrial	86,510,700	0.39
BIR Chapel Hill LLC	Apartments/Retail	80,124,700	0.36
NR Edge Apartments Property	Apartments/Retail	78,566,982	0.35
Piedmont Electric Membership	Public Utility	70,666,044	0.32
Northwestern Mutual Life Insurance Co.	Apartment Rentals	68,794,458	0.31
Townhouse Apartments	Apartment Rentals	67,581,700	0.30
Industrial Connections & Solutions LLC (ABB)	Office/Industrial	60,899,638	0.27
State Employees Credit Union	Bank	57,475,536	0.26
		$871,658,227	3.90%

Source: Annual Comprehensive Financial Report of the County for fiscal year ended June 30, 2023.

FISCAL YEAR 2023-24 BUDGET COMMENTARY

The adopted General Fund budget for fiscal year 2023-24 totals $279.5 million, which represents a $21.4 million or 8.2% increase over the fiscal year 2022-23 adopted budget. The County budget factors in a .46 cent increase from 83.12 cents to 83.58 cents per $100 of assessed value to fund the County and School continuation budgets. The County is on a four-year revaluation cycle. The next revaluation will be effective January 1, 2025 for fiscal year 2025-26. The fiscal year 2023-24 budget assumed a 2.1% increase in assessed value with the tax base increasing from $22.2 billion to $22.9 billion or over the prior year. The real and personal collection rate is budgeted to remain the same at 99.2%. The County budget maintains a goal of allocating 48.1% of General Fund revenues to education spending. The budget increases per pupil expenditures by $538.46 to $5,346 which has consistently been among the highest per pupil appropriations in the State. The fiscal year 2023-24 appropriations represents 48.07% of total General Fund revenues. The budget appropriates $3.8 million to fund school health and safety contractual services. The fiscal year 2023-24 budget fully funds all positions of the County and includes a 6% wage increase effective July 1, 2023 at a cost of $4.4 million. Property tax revenues comprise $190.7 million or 68% of General Fund revenues. Sales tax revenues comprises 16% of the budget and has been budgeted to increase 4% over the fiscal year 2022-23 projections. The remaining 16% of General Fund revenues are comprised of intergovernmental revenues, charges for services, licenses and permits, and miscellaneous revenues.

CYBERSECURITY

The County, like many other large public and private entities, relies on a large 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. The County has hired a Security Officer that dual reports to the County Manager and Chief Investment Officer. The County deploys regular training to all County employees throughout the year.

Orange County IT takes a multi-layered approach regarding enterprise security and data loss prevention to protect against internal and external threats.

- Perimeter security is handled by employing state of the art firewall(s), and intrusion detection and prevention systems as well as email scanning prior to email being delivered to county servers for processing.
- Multifactor authentication is used for user device access to network resources.
- VPN and virtual desktop technologies are deployed for secure and managed remote access.
- The principal of least privilege access is used for all uses both common and administrative.
- Beyond the perimeter all network traffic is monitored north, south, east and west. Appropriate alerts are configured for anomalous behavior.
- Network traffic is segmented to prevent the risk of cross contamination during security events.
- Multiple security incident/information and event management strategies are used, i.e., SIEM technology to monitor server and device events.

- File level access and permissions are systematically audited on access to comply with various compliance and standards requirements..

- Along with typical nightly, weekly and monthly backups routines, data is sent off site and database data is stored immutably in the cloud.

- Next Generation end point detection and response is deployed across the enterprise with dedicated third-party staff reviewing incidents as they occur, 24 hours per day, 365 days per year.

Orange County Information Technologies' multi-layered approach includes mandatory security training for all employees that access the network as well as having an IT Security Officer to review and create appropriate security policies and procedures.

PENSION PLANS

The County participates in the North Carolina Local Governmental Employees' Retirement System (the "LGERS"). The North Carolina Local Governmental Employees' Retirement System is a service agency administered through a board of trustees (the "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 system funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the system.

The system provides, on a uniform system-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent 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 normal contribution rate, uniform for all employers for fiscal year 2022-23, was 12.14% of eligible payroll for general employees and 13.24% of eligible payroll for law enforcement officers ("LEO"). The normal contribution rate, uniform for all employers for fiscal year 2023-24, is 12.89% of eligible payroll for general employees and 14.04% of eligible payroll for LEOs. 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 the system. Additional rates, such as rates associated with death benefits or past service liabilities, will be added to the base rate to determine the actual contribution percentage for each employer.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of creditable service; at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. 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 the system are determined on an actuarial basis. For information concerning the County's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina see the Notes to the County's Audited Financial Statements in Appendix B.

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.

OTHER POST-EMPLOYMENT BENEFITS

The County administers a single employer defined benefit Retiree Healthcare Benefits Plan. This plan provides post-employment health care benefits to retirees of the County.

A Permanent Employee employed on or before June 30, 2012 and who commences retirement and meets the following conditions receives an annual retirement medical allowance. A participant must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Government Employees Retirement System and meet one of the following conditions:

1) A minimum of ten years of service with the County,
2) Age 65 with a minimum of five years of service with the County, or
3) Disabled retirement with a minimum of five years of service with the County.

A Permanent Employee employed after June 30, 2012 and who commences retirement and meets the following conditions receives an annual retirement medical allowance. A participant must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Government Employees Retirement System and meet one of the following conditions:

1) A minimum of 20 years of service with the County,
2) Age 65 with a minimum of ten years of service with the County, or
3) Disabled retirement with a minimum of ten years of service with the County.

The County contributes to the cost of health insurance premiums for both non-Medicare eligible retirees and Medicare eligible retirees based on the years of service with Orange County using the following schedule:

If hired on or before June 30, 2012:

Years of Service at Retirement	Age at Retirement	County Contribution
10 or more	Any Age	100%
5-9	65	50%

If hired after June 30, 2012:

Years of Service at Retirement	Age at Retirement	County Contribution
20 or more	Any Age	100%
10-19	65	50%

Per resolution, the County is required to contribute the projected pay-as-you financing requirements, with an additional amount to prefund benefits as determined annually by the Board. Benefit payments by the County were $3,529,472 for the fiscal year ended June 30, 2023.

The Annual OPEB Cost (AOC) is equal to the Annual Required Contribution (ARC), one year's interest on the Net OPEB Obligation, and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions.

The County funds its OPEB healthcare benefits on a pay as you go basis as part of the annual budget process. The County paid $3,529,472 in OPEB benefits in fiscal year 2023, and has budgeted approximately $3,089,464 for benefit payments in fiscal year 2024.

In addition to these annual payments, the County has reserved approximately $8.2 million of committed fund balance toward its OPEB obligations. The County has also established an irrevocable trust for OPEB benefits that contains approximately $381,735.

The following table presents additional information on the County's OPEB liabilities.

Measurement Date	**Net OPEB Liability (NOL)**	**NOL as % of Covered Payroll**
June 30, 2023	$120,541,187	231.2%
June 30, 2022	132,374,775	238.2
June 30, 2021	161,449,960	290.5

GASB 74 requires the presentation of the Net OPEB Liability ("NOL") effective as of June 30, 2017. The GASB 74 required NOL actuary methodology and assumptions results in a higher liability than the unfunded actuarial accrued liability ("UAAL").

CONTINGENT LIABILITIES

The County is not aware of any contingent liabilities that it expects would materially adversely affect its ability to meet its financial obligations.

APPENDIX B

MANAGEMENT'S DISCUSSION AND ANALYSIS AND THE BASIC FINANCIAL STATEMENTS OF ORANGE COUNTY, NORTH CAROLINA

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Management's Discussion and Analysis

The Management's Discussion and Analysis of the financial activities of the County, lifted from the Annual Comprehensive Financial Report for the County for the fiscal year ended June 30, 2023, is included in this Appendix. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the County's financial activities based on currently known facts, decisions or conditions. Management's Discussion and Analysis is not a required part of the Basic Financial Statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

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Introduction

The management of the government offers readers of Orange County's (the "County") financial statements this Management's Discussion and Analysis ("MDA") of the financial activities of the County for the fiscal year ended June 30, 2023. Readers are encouraged to review the information presented here in conjunction with additional information that is furnished in the County's financial statements, which follow this narrative.

Financial Highlights

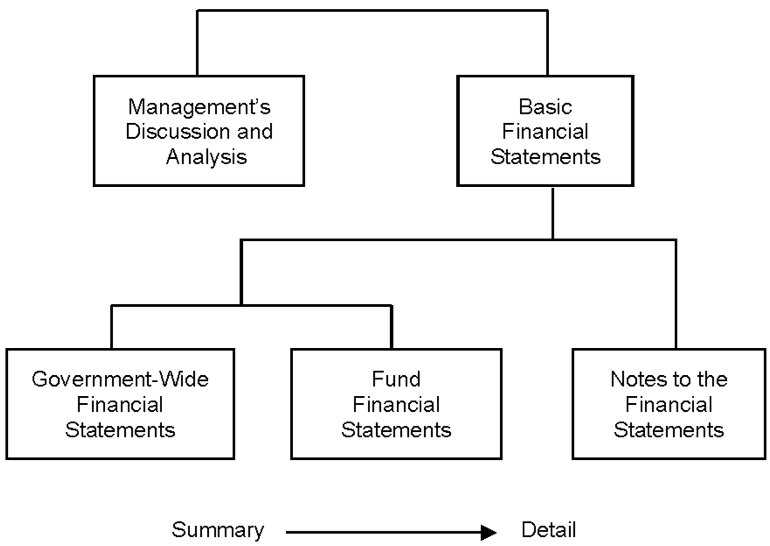
- The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by $125.1 million (deficit net position). In accordance with North Carolina law, liabilities of the County include approximately $166 million in long-term debt associated with assets belonging to the Orange County Board of Education and the Chapel Hill-Carrboro City Board of Education. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a net deficit in net position.
- The County's total net position increased by $18.1 million. This increase is attributed primarily to continued growth in the County's revenues.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $181.6 million, an increase of $1.9 million in comparison with the prior year. This slight increase reflects bond proceeds from General Obligation bonds and Limited Obligation bonds during the fiscal year for County and School projects. The General Fund total ending fund balance of $80.4 million includes $43.2 million of unassigned fund balance.
- The County established a separate Debt Service Fund for the accounting of tax-backed principal and interest payments on General Obligation and Limited Obligation Bonds of the County.
- The unassigned General Fund ending fund balance of $43.2 million represented 17.18% of total General Fund and Debt Service Fund expenditures for the fiscal year consistent with the County policy of unassigned fund balance of 16% of General Fund expenditures.
- Orange County maintains the highest credit quality, with bond ratings of AAA (Fitch IBCA), Aaa (Moody's Investor Services) and AAA (Standard & Poor's) on its general obligation bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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 basic financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the Government-Wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes to the basic financial statements (notes). The notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show additional details about the County’s major and non-major governmental funds, proprietary and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services, such as general administration, taxation and records, community planning, community maintenance, human services, education, public safety, and public works. Property and other taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide a related service. These include the sewer and landfill services and recreational services offered by the County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the County.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The 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 residents 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 statements provided for the General Fund demonstrate 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 statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the Statement of Revenues, Expenditures, and Changes in Fund Balance. 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.

Proprietary Funds

The County has two kinds 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 enterprise funds to account for its sewer activity, for its landfill operations, and Sportsplex operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for two activities – its employee health and dental insurance program. Because these operations benefit predominantly governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets the County holds on behalf of others. The County's fiduciary funds consist of one OPEB trust fund and four custodial funds.

Notes to Basic 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 basic financial statements are on pages 33-91 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required Supplementary Information can be found beginning on page 92.

Table 1
ORANGE COUNTY, NORTH CAROLINA
Condensed Statement of Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
ASSETS						
Current and other assets	$ 216,423	$ 223,003	$ 20,054	$ 20,395	$ 236,477	$ 243,398
Capital assets, net	160,674	156,015	19,608	20,172	180,282	176,187
Total assets	377,097	379,018	39,662	40,567	416,759	419,585
DEFERRED OUTFLOWS OF RESOURCES	53,084	54,131	1,447	977	54,531	55,108
LIABILITIES						
Long-term liabilities	495,480	499,888	19,669	20,731	515,149	520,619
Other liabilities	34,247	41,083	1,029	1,892	35,276	42,975
Total liabilities	529,727	540,971	20,698	22,623	550,425	563,594
DEFERRED INFLOWS OF RESOURCES	45,930	53,108	50	1,203	45,980	54,311
NET POSITION						
Net investment in capital assets	68,828	65,906	10,017	9,728	78,845	75,634
Restricted	33,166	28,245	-	-	33,166	28,245
Unrestricted (deficit)	(247,470)	(255,081)	10,344	7,990	(237,126)	(247,091)
Total net position	$ (145,476)	$ (160,930)	$ 20,361	$ 17,718	$ (125,115)	$ (143,212)

As noted earlier, net position serves, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of the County exceeded assets and deferred outflows of resources by $125.1 million as of June 30, 2023. Net position is reported in three categories: Net investment in capital assets of $78.8 million, restricted net position of $33.6 million, and unrestricted net position of ($237.5) million.

The net investment in capital assets category is defined as the County's net investment in County-owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and sewer lines). The County uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. At June 30, 2023, the net investment in capital assets increased by $9.9 million.

The final category of net position is unrestricted net position. This balance may be used to meet the County's ongoing obligations to residents and creditors. At June 30, 2023, the total net deficit reported of ($125.1) million is attributable to the unrestricted net deficit balance of ($237.5) million, which results primarily from the debt financing related to school system assets.

Table 2
ORANGE COUNTY, NORTH CAROLINA
Condensed Statement of Activities
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	$ 15,220	$ 14,985	$ 15,771	$ 15,173	$ 30,991	$ 30,158
Operating grants and contributions	34,103	31,356	-	10	34,103	31,366
Capital grants and contributions	-	1,130	-	-	-	1,130
General revenues:						
Property taxes	221,143	213,946	-	-	221,143	213,946
Other taxes	49,307	43,076	-	-	49,307	43,076
Other revenues	17,096	10,924	784	702	17,880	11,626
Total revenues	336,869	315,417	16,555	15,885	353,424	331,302
EXPENSES						
Community services	20,733	18,019	-	-	20,733	18,019
General government	25,398	15,220	-	-	25,398	15,220
Public safety	45,887	41,249	-	-	45,887	41,249
Human services	58,985	57,651	-	-	58,985	57,651
Education	144,538	132,090	-	-	144,538	132,090
Support services	17,146	19,874	-	-	17,146	19,874
Interest expense	8,728	9,301	-	-	8,728	9,301
Solid Waste landfill	-	-	9,651	10,273	9,651	10,273
SportsPlex	-	-	4,261	4,067	4,261	4,067
Total expenses	321,415	293,404	13,912	14,340	335,327	307,744
Transfers	-	(790)	-	790	-	-
Change in net position	15,454	21,223	2,643	2,335	18,097	23,558
NET POSITION						
Beginning balances, restated	(160,930)	(182,153)	17,718	15,383	(143,212)	(166,770)
Ending balances	$ (145,476)	$ (160,930)	$ 20,361	$ 17,718	$ (125,115)	$ (143,212)

Consistent with other counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for the two school systems located within the County. Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal using a combination of County funds, general obligation debt, and installment financing. It is important to note, that the assets funded by the County are owned and utilized by obligation to provide the school systems capital funding by the school systems. The County is the issuing government for school system debt but acquires no capital assets; therefore, the County has incurred a liability without a related increase in assets. At the end of the fiscal year, approximately $166 million of the outstanding debt on the County's financial statements was related to assets included in the school systems’ financial statements. The majority of this school system related debt is general obligation debt, which is secured and pledged by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which such requirements are due and payable. The majority of the non-general obligation debt is repaid from sales taxes earmarked for school capital, education lottery proceeds, and ad valorem property taxes allocated to school capital.

As noted earlier, the government's total net position increased $18.1 million. This decrease resulted from increased long-term debt to support the County’s capital improvement program which includes school capital projects that don’t result in assets of the County. Also, the following positive operational initiatives and results are noted:

- The County’s continued efficiency in the collection of property taxes resulted in a collection percentage of 99.4%, higher than the State-wide average of 97%.
- Sales tax revenue, which is the second largest revenue source, increased by $5.4 million from the prior fiscal year to $43.3 million or 14.2% increase. This increase is attributed to Articles 39, 40 and 42 exceeding budgeted amounts primarily due to higher price indices on taxable retail sales. The Hold Harmless sales tax amount which replaced the State Medicaid reimbursements exceeded the budget by $4.4 million.
- The County continued to lead the State in per pupil funding for education.
- The County established a Debt Service Fund for tax-backed debt obligations and seeded with $6 million in Debt Service reserves.
- Fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year. The County’s unassigned fund balance level provides a financial cushion to mitigate unforeseen changes in the economic and business climate and decreased revenues.
- The unassigned fund balance in the County's General Fund remains strong at $43.2 million or 20% of General Fund expenditures. The county exercises fiscal discipline and strong management controls in managing the operating budget throughout the fiscal year.

Governmental Activities

Governmental activities increased the County's net position by $15 million. Key elements of this change are as follows:

- Decrease in Total Liabilities.
- Increase in Net Capital Investments.

Business-Type Activities

Business-type activities increased the County's net position by $2.6 million. The increase was primarily related to an increase in the unrestricted net position.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. North Carolina General Statute 159-26 requires the County to maintain all of its funds on the modified accrual basis of accounting during the year.

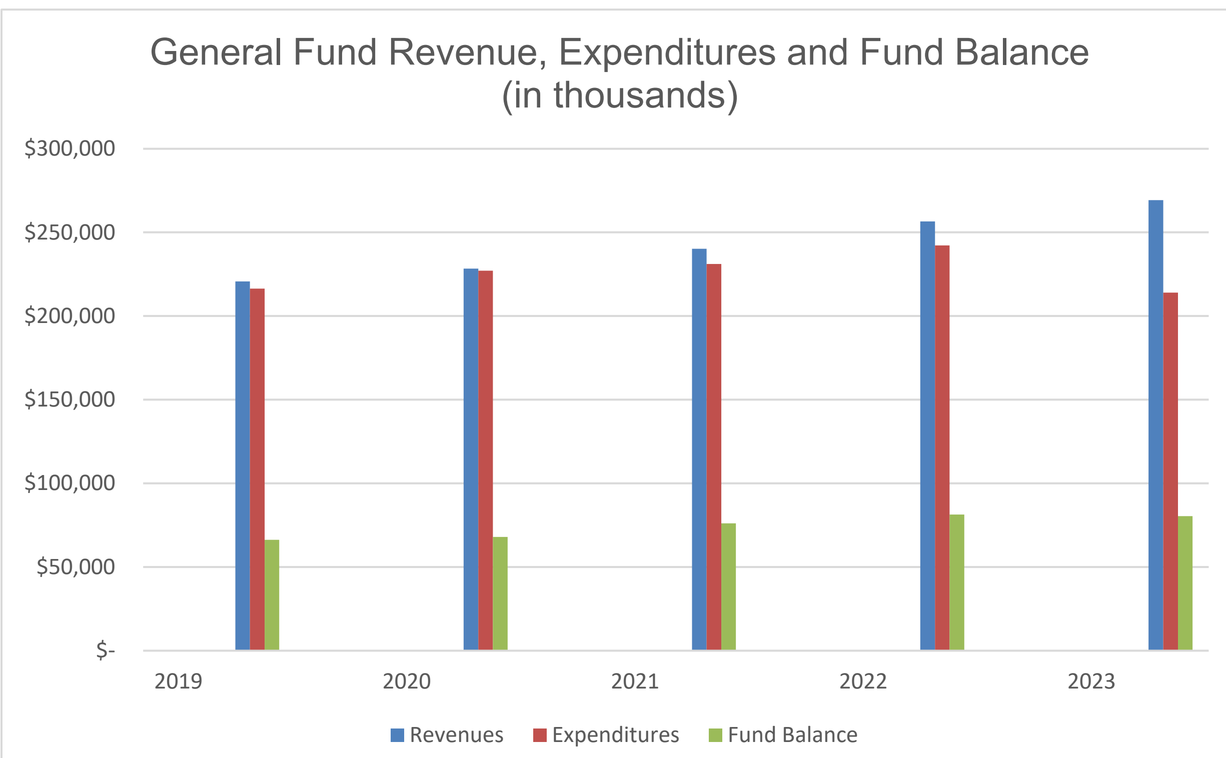
Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $43.6 million or 17% of General Fund and Debt Service Fund expenditures, while total fund balance increased to $80.4 million or 32% of General Fund and Debt Service Fund expenditures. As a measure of the General Fund's liquidity, it is important to include Debt Service Fund expenditures in the unassigned fund balance measurement because General fund property tax revenues are transferred to the Debt Service Fund to meet annual debt service requirements. Remaining transfers of $12 million supported a Debt Service Fund reserve and County and School Capital reserves consistent with County policy to not earmark non-recurring sources to ongoing expenditures.

General Fund revenues are $269.2 million or $9.3 million higher than the final amended budget or 3.6%. General Fund revenues increased by $12.7 million from the prior fiscal year. Property tax revenue comprises 70% of General Fund revenues. Sales tax revenue, the second largest revenue at 16% of General Fund revenues, increased by $5.4 million from the prior fiscal year driven by higher price indices.

General Fund expenditures were $214 million or $3.9 million lower than the final amended budget. General Fund expenditures decreased by $28.2 million from the prior fiscal year due to debt service now being accounted for in the Debt Service Fund. General Fund expenditures were 1.8% under the final budget following a year-end adjustment to expenditures pertaining to the implementation of GASB 87 and 96. General Fund expenditures at 3.9% under the final budget is attributed to salary attrition savings, management's commitment to ensure expenditures are within the budget authorizations through regular finance pre-auditing of cost centers. General Fund expenditures and other financing uses total $271.6 million.



The County Capital Improvement Fund reflects a $4.9 million decrease in fund balance due to the spending down of bond proceeds primarily attributed to completing the County's Northern Campus site.

The School Capital Improvement Fund reflects a $3.2 million decrease in fund balance for ongoing school construction. The school capital project fund balance decrease is attributed to continued capital outlays for Chapel Hill High School and Orange County Schools Cedar Ridge Wing capital outlay expenditures.

As discussed earlier, the County created the Debt Service Fund during the current year and transferred $44 million from the General Fund to establish the debt service reserve and fund current year debt service expenditures related to the County's outstanding debt obligations.

The American Rescue Plan Fund was established by the County is 2021 to account for the County's $23 million allocation of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). During the current fiscal year, the County expended approximately $8.6 million of its CSLFRF allotment leaving approximately $14.5 million in unearned revenue as of June 30, 2023. The County will expend the remaining $14 million by December 30, 2026. The remaining expenditures will fund rural broadband infrastructure, fire district radio upgrades and emergency housing initiatives.

General Fund Budgetary Highlights for the Fiscal Year Ending June 30, 2023

The final amended General Fund Budget for FY 2022-23 totals $218.0 million in expenditures which represents a decrease of $28.2 million or a 13.1% decrease over the FY 2021-22 final amended budget due to the debt service expenditures being transferred to the new Debt Service Fund. The County Budget included a 1.25-cent property tax increase of which one-cent supported both school districts operating expenses and .25 cent was dedicated to debt service. The County is on a four-year revaluation cycle. The next revaluation will be effective January 1, 2025 for FY 2025-26. The FY 2022-23 budget assumed a 2.6% increase in assessed value with the tax base increasing from $21.7 billion to $22.2 billion over the prior year. The County tax rate increased from 81.87 cents to 83.12 cents per $100 of assessed value. The real and personal collection rate was budgeted to increase by .5% from 98.7% to 99.2% for real and personal property and 99.4% for motor vehicle. The County budget maintained a goal of allocating 48.1% of General Fund revenues to education spending. The budget increased per pupil expenditures by $441 to $4,808, which has consistently been among the highest per pupil appropriations in the State. The FY 2022-23 appropriations represents 47.1% of total General Fund revenues. Which is one percent below the funding target. As stated in the budget message, there were two primary factors for this one percent decrease 1) school related debt service decreased by approximately $1.9 million. One percent of general fund revenue is approximately $2.5 million, therefore the decrease in debt service accounted for 0.75% of the 1% shortfall and these funds are not used to finance school operations and 2) the rate at which general fund revenues grew between the FY2021-22 Budget and the FY2022-23 Budget, and this rate outpaced the school expenditure increase, so the percentage of school spending to general fund revenues decreased.

The budget appropriated $3.7 million to fund school health and safety contractual services. The FY 2022-23 budget included no reductions in force. Property tax revenues comprised $186.1 million or 72% of General Fund revenues. The FY 2022-23 Sales tax revenues was budgeted to increase 4% over the FY 2021-22 projections. This growth projection had factored in potential economic slowdown as the Federal Reserve continued to increase interest rates to counter inflation. Additional General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues. The County's FY 2022-23 Budget anticipated continued post-pandemic recovery and cautious optimism in revenue streams that have started to rebound following the lifting of public health restrictions. The FY 2021-22 strong audited financial results allowed for mid-year FY 2022-23 budget amendments totaling $12 million to increase the County's School and Capital Reserves and to earmark funds for Debt Service Fund Reserves.

Table 3
ORANGE COUNTY, NORTH CAROLINA
Capital Assets, Net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	Restated 2022	2023	2022	2023	Restated 2022
Land	$ 20,516	$ 20,516	$ 1,619	$ 1,619	$ 22,135	$ 22,135
Intangible rights	1,424	482	-	-	1,424	482
Land improvements	-	-	3,677	3,811	3,677	3,811
Buildings and improvements	101,772	94,478	10,046	10,695	111,818	105,173
Other improvements	1,109	1,280	-	-	1,109	1,280
Automotive equipment	2,769	2,002	-	-	2,769	2,002
Other equipment	4,537	3,175	2,838	2,920	7,375	6,095
Right-to-use assets	7,646	10,386	-	-	7,646	10,386
Construction in progress	20,901	23,696	1,428	1,127	22,329	24,823
	$ 160,674	$ 156,015	$ 19,608	$ 20,172	$ 180,282	$ 176,187

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for these sales tax proceeds. The Board of County Commissioners approved a ten-year commitment to allocate the proceeds as follows:

- 50% of the funding will be allocated in an equitable manner between the County's two school systems, based on the Average Daily Membership (ADM) of each school system, for the dedicated purpose of funding capital projects, including but not limited to, facility improvements at older schools and the procurement of technology.
- 50% of the funding will be allocated to Economic Development initiatives. The FY 2022-23 budget approved uses of the anticipated proceeds of $4,202,200 by the two school districts and the Economic Development Department.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. The Sportsplex Fund reported a net position increase of $511,410 to $5.4 million of which $4.7 million is net investment in capital assets. The Solid Waste Fund reported a net position increase of $2,132,017 to $14.9 million of which $5.2 million is net investment in capital assets.

Table 4
ORANGE COUNTY, NORTH CAROLINA
Long-Term Liabilities
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	Restated 2022	2023	2022	2023	Restated 2022
General obligation bonds - direct placement	$ 116,815	$ 128,250	$ -	$ -	$ 116,815	$ 128,250
Bond premiums	9,168	10,039	-	-	9,168	10,039
Installment notes - direct borrowing and direct placement	181,052	182,965	9,738	11,210	190,790	194,175
Note premiums	13,137	14,722	822	943	13,959	15,665
Net OPEB liability	120,541	132,375	-	-	120,541	132,375
Pension liabilities	42,949	17,477	2,280	781	45,229	18,258
Other	11,818	14,060	6,829	7,797	18,647	21,857
	$ 495,480	$ 499,888	$ 19,669	$ 20,731	$ 515,149	$ 520,619

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals $180.3 million (net of accumulated depreciation) an increase of 2.3% primarily attributed to Construction in Progress for the Northern Campus and other Building Improvements. The other asset components include land, buildings, automotive equipment, office and other equipment, and sewer lines as well as the County's right-to-use assets related to both leases (GASB Statement No. 87) and subscriptions (GASB Statement No. 96).

Major capital asset transactions during the year include:

- Construction in progress on various County projects.
- Purchase of vehicles and equipment for operations.
- Purchase of landfill and recycling equipment.

Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-Term Debt and Obligations

As of June 30, 2023, the County had total bonded debt outstanding of $116.8 million, all of which is debt backed by the full faith and credit of the County.

In addition, the County has several installment notes with a total outstanding balance of $190.8 million. A summary of total long-term debt and other long-term liabilities is shown in Note 6.

The County's bond ratings are shown below:

- Moody's Investor Services Aaa
- Standard & Poor's AAA
- Fitch IBCA AAA

These bond ratings are a clear indication of the sound financial condition of the County. The County is one of the few counties in the country that maintains the highest financial ratings from all major rating agencies. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is approximately $1.4 billion. The County has $311.2 million in net debt applicable to the limit. The County has issued all of its authorized general obligation bonds as of June 20, 2022 for Orange County Schools and Chapel Hill-Carrboro City Schools from the 2016 Bond Referendum. Additional information regarding the County's long-term debt can be found in Note 6 on pages 48-54 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2024

The adopted General Fund Budget for FY 2023-24 totals $279.5 million which represents $21.4 million or a 8.2% increase over the FY 2022-23 adopted budget. The County Budget factors in a .46 cent increase from 83.12 cents to 83.58 cents per $100 of assessed value to fund the County and School continuation budgets. The County is on a four-year revaluation cycle. The next revaluation will be effective January 1, 2025 for FY 2025-26. The FY 2023-24 budget assumed a 2.1% increase in assessed value with the tax base increasing from $22.2 billion to $22.9 billion or over the prior year. The real and personal collection rate is budgeted to remain the same at 99.2%. The County budget maintains a goal of allocating 48.1% of General Fund revenues to Education spending. The budget increases per pupil expenditures by $538.46 to $5,346 which has consistently been among the highest per pupil appropriations in the State. The FY 2023-24 appropriations represents 48.07% of total General Fund revenues. The budget appropriates $3.8 million to fund school health and safety contractual services. The fiscal year 2023-24 budget fully funds all positions of the County and includes a 6% wage increase effective July 1, 2023 at a cost of $4.4 million. Property tax revenues comprise $190.7 million or 68% of General Fund revenues. Sales tax revenues comprises 16% of the budget and has been budgeted to increase 4% over the FY 2022-23 projections. The remaining 16% of General Fund revenues are comprised of Intergovernmental revenues, Charges for Services, Licenses and Permits, and Miscellaneous revenues.

The Article 46 ¼ cents sales tax was approved by the voters in a November 2011 referendum and became effective April 1, 2012. A Special Revenue Fund was established to account for the Article 46 Sales Tax. The Board approved a ten-year commitment which authorized equal distribution of this sales tax to support education and economic development. Fifty percent of the ¼ cent sales tax is allocated to both County school systems on an average daily membership percent basis to fund school capital projects. The other fifty percent is allocated to economic development initiatives including supporting water and sewer infrastructure funding in the County’s three economic development districts. In FY 2022-23 Article 46 Sales Tax increased by 16.3% to $5.9 million from $5 million the prior fiscal year.

American Rescue Plan Act (ARPA)

The Federal American Rescue Plan Act (ARPA) provides direct allocations to local governments. Orange County was designated and received $28.8 million in ARPA funds. The ARPA funds are accounted for in the County’s Coronavirus State and Local Fiscal Recovery Funds (CSLRF) special revenue fund.

The Board of Commissioners has approved the allocation of all ARPA funds. ARPA funds must be obligated by December 31, 2024, and fully spent by December 31, 2026

ARPA funds are intended to broadly address the negative impacts of the COVID-19 pandemic on individuals, This Treasury guidance establishes five broad categories for potential investments:

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,

5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and storm water infrastructure, and to expand access to broadband internet.

Broadband Infrastructure, Housing and Human Services has been the County's primary ARPA expenditure to date. The County has obligated $10 million each for Broadband and Housing initiatives. The County has timely submitted its quarterly expenditure report to the U.S. Treasury Department. The County will expend the remaining $14 million by December 30, 2026.The remaining expenditures will fund rural Broadband infrastructure, Fire District radio upgrades and Emergency Housing initiatives.

As of this ACFR issuance there are no remaining CSLFRF funds to be obligated in view of the December 30, 2024 and December 30, 2026 obligation and spending deadlines.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Financial Officer for the County, P.O. Box 8181, Hillsborough, North Carolina 27278.

Complete financial statements for the ABC Board may be obtained at its administrative office, Orange County ABC Board, 122 Highway 70 East, Hillsborough, North Carolina 27278.

Financial Information

The financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2023. Copies of these financial statements containing the unqualified report of the independent certified public accountant are available in the office of the Chief Financial Officer at 131 West Margaret Lane, Third Floor, PO Box 8181, Hillsborough, North Carolina 27278.

The following financial statements are the Basic Financial Statements of the County, the notes thereto and certain required supplementary information, lifted from the Annual Comprehensive Financial Report of the County for the fiscal year ended June 30, 2023.

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ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Orange County ABC Board
ASSETS				
Cash and investments - unrestricted	$ 105,032,661	$ 18,744,533	$ 123,777,194	$ 3,714,166
Cash and investments - restricted	84,445,469	969,837	85,415,306	-
Receivables:				
Taxes receivable, net	4,499,827	-	4,499,827	-
Due from other governments	18,062,702	103,370	18,166,072	-
Leases receivable	1,245,432	-	1,245,432	-
Other receivables, net	1,811,583	236,165	2,047,748	788
Inventories and prepaid items	11,804	-	11,804	4,062,885
Net pension asset	142,119	-	142,119	-
Capital assets:				
Non-depreciable assets	42,841,236	3,047,276	45,888,512	1,951,041
Depreciable assets, net	110,187,618	16,560,869	126,748,487	9,252,616
Right-to-use assets, net	7,644,820	-	7,644,820	1,662,018
Notes receivable	1,171,684	-	1,171,684	15,476
Total assets	377,096,955	39,662,050	416,759,005	20,658,990
DEFERRED OUTFLOWS OF RESOURCES	53,084,272	1,446,834	54,531,106	932,167
LIABILITIES				
Accounts payable	10,557,411	422,165	10,979,576	736,767
Accrued payroll and other liabilities	4,906,033	338,288	5,244,321	871,843
Accrued interest payable	3,417,062	-	3,417,062	-
Unearned revenue	15,367,506	268,254	15,635,760	-
Long-term liabilities:				
Due within one year	34,341,974	1,865,836	36,207,810	378,278
Due in more than one year	461,139,529	17,803,380	478,942,909	5,936,562
Total liabilities	529,729,515	20,697,923	550,427,438	7,923,450
DEFERRED INFLOWS OF RESOURCES	45,929,833	49,767	45,979,600	205,399
NET POSITION				
Net investment in capital assets	68,828,030	10,017,187	78,845,217	8,548,978
Restricted for:				
Stabilization by State Statute	23,530,505	-	23,530,505	-
Register of Deeds' pension plan	142,119	-	142,119	-
Public safety	2,647,162	-	2,647,162	-
Human services	4,174,296	-	4,174,296	-
Community services	3,058,774	-	3,058,774	-
Working capital	-	-	-	919,582
Unrestricted (deficit)	(247,859,007)	10,344,007	(237,515,000)	3,993,748
Total net position	$ (145,478,121)	$ 20,361,194	$ (125,116,927)	$ 13,462,308

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Community services	$ 20,734,639	$ 2,135,320	$ 774,459	$ -
General government	25,398,164	3,815,396	9,907,276	-
Public safety	45,887,225	7,499,918	3,590,754	-
Human services	58,984,570	1,769,394	18,347,811	-
Education	144,538,477	-	1,402,354	-
Support services	17,145,499	-	80,457	-
Interest on long-term debt	8,728,060	-	-	-
Total governmental activities	321,416,634	15,220,028	34,103,111	-
BUSINESS-TYPE ACTIVITIES				
Solid waste landfill	9,651,419	11,001,798	-	-
Sportsplex	4,260,509	4,769,351	-	-
Total business-type activities	13,911,928	15,771,149	-	-
Total primary government	335,328,562	30,991,177	34,103,111	-
COMPONENT UNIT				
Orange County ABC Board	$ 30,007,902	$ 31,208,975	$ -	$ -

GENERAL REVENUES

Ad valorem taxes
Sales and use taxes
Other taxes
Grants and contributions not restricted to specific programs
Investment earnings
Miscellaneous
Total general revenues
Change in net position

NET POSITION

Beginning balances, as previously reported
Change in accounting principle
Beginning balances, as restated
Ending balances

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Orange County ABC Board
$ (17,824,860)	$ -	$ (17,824,860)	$ -
(11,675,492)	-	(11,675,492)	-
(34,796,553)	-	(34,796,553)	-
(38,867,365)	-	(38,867,365)	-
(143,136,123)	-	(143,136,123)	-
(17,065,042)	-	(17,065,042)	-
(8,728,060)	-	(8,728,060)	-
(272,093,495)	-	(272,093,495)	-
-	1,350,379	1,350,379	-
-	508,842	508,842	-
-	1,859,221	1,859,221	-
(272,093,495)	1,859,221	(270,234,274)	-
-	-	-	1,201,073
221,142,931	-	221,142,931	-
49,306,542	-	49,306,542	-
1,947,970	396,532	2,344,502	-
7,338,254	-	7,338,254	-
5,045,687	387,675	5,433,362	-
2,763,751	-	2,763,751	4,467
287,545,135	784,207	288,329,342	4,467
15,451,640	2,643,428	18,095,068	1,205,540
(162,047,683)	17,717,766	(144,329,917)	12,256,768
1,117,922	-	1,117,922	-
(160,929,761)	17,717,766	(143,211,995)	12,256,768
$ (145,478,121)	$ 20,361,194	$ (125,116,927)	$ 13,462,308

ORANGE COUNTY, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Debt Service Fund	American Rescue Plan Act Fund
ASSETS			
Cash and investments - unrestricted	$ 67,532,871	$ 6,746,061	$ 14,701,488
Cash and investments - restricted	509,691	-	-
Receivables:			
Property taxes receivable, net	2,083,087	-	-
Due from other governments	17,448,514	-	-
Leases receivable	1,245,432	-	-
Other receivables, net	1,602,345	-	-
Due from other funds	971,085	-	-
Inventories and prepaid items	11,804	-	-
Notes receivable	5,543	-	-
Total assets	91,410,372	6,746,061	14,701,488
LIABILITIES			
Accounts payable	2,257,044	-	149,984
Due to other funds	-	-	-
Accrued payroll and other liabilities	4,641,955	-	11,182
Unearned revenue	384,689	-	14,541,496
Total liabilities	7,283,688	-	14,702,662
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - intergovernmental	-	-	-
Unavailable revenue - property taxes receivable	1,815,967	-	-
Prepaid property taxes	686,294	-	-
Deferred lease revenues	1,216,158	-	-
Total deferred inflows of resources	3,718,419	-	-
FUND BALANCES			
Nonspendable	46,621	-	-
Restricted:			
Stabilization by State Statute	21,845,304	-	-
Public safety	-	-	-
Human services	-	-	-
Community services	-	-	-
Education	-	-	-
Capital projects	-	-	-
Committed:			
Health benefits	8,293,841	-	-
Education	-	-	-
Debt service	-	6,746,061	-
Human services	-	-	-
Assigned:			
To be used in the subsequent fiscal year	7,000,000	-	-
Capital projects	-	-	-
Unassigned	43,222,499	-	(1,174)
Total fund balances	80,408,265	6,746,061	(1,174)
Total liabilities, deferred inflows of resources, and fund balances	$ 91,410,372	$ 6,746,061	$ 14,701,488

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

County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 15,367,754	$ 104,348,174
53,744,087	30,191,691	-	84,445,469
-	-	2,416,740	4,499,827
31,119	-	583,069	18,062,702
-	-	-	1,245,432
-	-	201,806	1,804,151
-	-	-	971,085
-	-	-	11,804
-	-	1,166,141	1,171,684
53,775,206	30,191,691	19,735,510	216,560,328
1,804,487	4,659,366	528,856	9,399,737
-	-	971,085	971,085
-	-	252,896	4,906,033
-	-	441,321	15,367,506
1,804,487	4,659,366	2,194,158	30,644,361
-	-	82,283	82,283
-	-	534,891	2,350,858
-	-	-	686,294
-	-	-	1,216,158
-	-	617,174	4,335,593
-	-	166,141	212,762
-	-	1,685,201	23,530,505
-	-	2,647,162	2,647,162
-	-	4,174,296	4,174,296
-	-	3,058,774	3,058,774
-	25,532,325	-	25,532,325
51,970,719	-	-	51,970,719
-	-	-	8,293,841
-	-	3,236,244	3,236,244
-	-	-	6,746,061
-	-	664,225	664,225
-	-	-	7,000,000
-	-	2,038,746	2,038,746
-	-	(746,611)	42,474,714
51,970,719	25,532,325	16,924,178	181,580,374
$ 53,775,206	$ 30,191,691	$ 19,735,510	$ 216,560,328

ORANGE COUNTY, NORTH CAROLINA

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Ending fund balances - total governmental funds		$ 181,580,374
Capital assets and right-to-use assets used in governmental activities are not financial resources, therefore, the assets are not reported in the governmental funds:		
Assets not subject to depreciation	$ 42,841,236	
Assets subject to depreciation	196,993,339	
Right-to-use lease assets	9,306,417	
Right-to-use subscription assets	4,876,693	
Less: accumulated depreciation and amortization	(93,344,011)	160,673,674
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the governmental funds.		
Unavailable revenue - property taxes	$ 2,350,858	
Unavailable revenue - intergovernmental	82,283	2,433,141
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable, net of unamortized premiums	$ (125,982,633)	
Installment notes payable, net of unamortized premiums	(194,189,423)	
Leases payable	(4,398,962)	
Subscriptions payable	(2,255,942)	
Accrued interest payable	(3,417,062)	
Unamortized deferred charges from debt refundings	2,531,533	
Claims payable	(318,018)	
Compensated absences	(4,846,758)	(332,877,265)
The net pension liability (LGERS), total pension liability (LEOSSA), and net pension asset (RODSPF), as well as the related deferred outflows and inflows of resources are not expected to be liquidated with expendable available resources and, therefore, are not reported in the governmental funds.		
Net pension liability (LGERS)	$ (36,805,483)	
Total pension liability (LEOSSA)	(6,143,097)	
Net pension asset (RODSPF)	142,119	
Deferred outflows of resources - pension items	26,132,443	
Deferred inflows of resources - pension items	(1,772,974)	(18,446,992)
The net OPEB liability and the related deferred outflows and inflows of resources are not expected to be liquidated with expendable available resources and, therefore, are not reported in the governmental funds.		
Net OPEB liability	$ (120,541,187)	
Deferred outflows of resources - OPEB items	24,420,296	
Deferred inflows of resources - OPEB items	(42,254,407)	(138,375,298)
The internal service fund is used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.		(465,755)
Net position of governmental activities		$ (145,478,121)

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	American Rescue Plan Act Fund
REVENUES			
Property taxes	$ 188,249,567	$ -	$ -
Sales taxes	43,396,780	-	-
Other taxes	-	-	-
Unrestricted intergovernmental	5,898,533	-	-
Restricted intergovernmental	13,464,582	-	8,592,086
Charges for services	14,035,772	-	-
Investment earnings	1,811,962	-	-
License and permits	247,428	-	-
Miscellaneous	2,135,660	-	-
Total revenues	269,240,284	-	8,592,086
EXPENDITURES			
Current:			
Community services	14,595,312	-	-
General government	13,103,299	155,547	249,607
Public safety	33,434,999	-	96,393
Human services	38,758,538	-	7,190,192
Education	97,969,758	-	-
Support services	11,805,338	-	1,057,068
Capital outlay	-	-	-
Debt service:			
Principal retirements	4,222,453	27,066,934	-
Interest and other charges	117,399	10,344,039	-
Total expenditures	214,007,096	37,566,520	8,593,260
Excess (deficiency) of revenues over (under) expenditures	55,233,188	(37,566,520)	(1,174)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	235,411	-
Issuance of leases	580,585	-	-
Issuance of subscriptions	986,524	-	-
Transfers from other funds	77,255	44,077,170	-
Transfers to other funds	(57,975,537)	-	-
Sale of capital assets	159,858	-	-
Other financing sources (uses), net	(56,171,315)	44,312,581	-
Net change in fund balances	(938,127)	6,746,061	(1,174)
FUND BALANCES:			
Beginning balances	81,346,392	-	-
Ending balances	$ 80,408,265	$ 6,746,061	$ (1,174)

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

County Capital Improvements Fund	School Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 33,296,342	$ 221,545,909
-	-	5,909,762	49,306,542
-	-	1,947,970	1,947,970
-	-	1,439,721	7,338,254
2,103,337	-	9,931,059	34,091,064
-	-	944,161	14,979,933
2,515,217	502,577	202,404	5,032,160
-	-	16,800	264,228
344,639	-	283,382	2,763,681
4,963,193	502,577	53,971,601	337,269,741
-	-	4,800,090	19,395,402
-	-	511,692	14,020,145
-	-	8,731,239	42,262,631
-	-	9,307,147	55,255,877
-	18,109,797	28,458,922	144,538,477
-	-	-	12,862,406
18,063,762	-	-	18,063,762
-	-	579,877	31,869,264
-	-	303,278	10,764,716
18,063,762	18,109,797	52,692,245	349,032,680
(13,100,569)	(17,607,220)	1,279,356	(11,762,939)
5,790,949	8,271,640	-	14,298,000
-	-	-	580,585
-	-	-	986,524
2,369,223	6,102,354	7,159,760	59,785,762
-	-	(4,602,450)	(62,577,987)
-	-	404,641	564,499
8,160,172	14,373,994	2,961,951	13,637,383
(4,940,397)	(3,233,226)	4,241,307	1,874,444
56,911,116	28,765,551	12,682,871	179,705,930
$ 51,970,719	$ 25,532,325	$ 16,924,178	$ 181,580,374

ORANGE 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 different because:		
Net change in fund balances - total governmental funds		$ 1,874,444
Governmental funds report capital outlays as expenditures; however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.		
Capital outlay	$ 14,082,882	
Depreciation and amortization expense	(8,824,016)	5,258,866
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Net book value of capital assets disposed	$ (600,316)	(600,316)
Receivables are deferred in the fund statements because they are not considered available and do not provide current financial resources. The following amounts are recognized as revenue in the Statement of Activities:		
Net change in unavailable property tax revenues	$ (402,978)	
Net change in unavailable intergovernmental revenues	(12,086)	(415,064)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The current year differences are as follows:		
Long-term debt issued	$ (15,865,109)	
Principal retirements	31,869,264	
Amortization of bond premiums	2,456,377	
Amortization of deferred charges on refunding	(275,403)	18,185,129
The following 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:		
Net change in compensated absences		(721,031)
Net change in interest payable		(144,318)
Net change in claims payable		305,031
Pension expense - LGERS		(3,393,205)
Pension expense - LEOSSA		(453,276)
Pension expense - RODSPF		(13,800)
OPEB expense		(3,751,815)
Internal service funds are used by management to charge the costs of the County's insurance plan to individual funds. The net expense of the internal service fund is reported within governmental activities.		(679,005)
Change in net position - governmental activities		$ 15,451,640

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

ORANGE COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 186,177,856	$ 186,312,613	$ 188,249,567	$ 1,936,954
Sales tax	35,616,489	35,616,489	43,396,780	7,780,291
Unrestricted intergovernmental	5,270,278	5,584,381	5,898,533	314,152
Restricted intergovernmental	13,471,604	16,652,642	13,464,582	(3,188,060)
Charges for services	12,772,907	12,969,932	14,035,772	1,065,840
Investment earnings	10,300	691,800	1,811,962	1,120,162
License and permits	274,200	274,200	247,428	(26,772)
Miscellaneous	1,780,317	1,884,028	2,135,660	251,632
Total revenues	255,373,951	259,986,085	269,240,284	9,254,199
EXPENDITURES				
Current:				
Community service	14,690,753	15,435,289	14,595,312	839,977
General government	13,522,262	13,477,301	13,103,299	374,002
Public safety	31,919,210	33,574,670	33,434,999	139,671
Human services	43,038,664	42,621,703	38,758,538	3,863,165
Education	98,201,672	98,450,310	97,969,758	480,552
Support services	12,295,327	14,426,950	11,805,338	2,621,612
Debt service:				
Principal retirements	27,067,096	-	4,222,453	(4,222,453)
Interest and other charges	11,010,074	-	117,399	(117,399)
Total expenditures	251,745,058	217,986,223	214,007,096	3,979,127
Excess of revenues over expenditures	3,628,893	41,999,862	55,233,188	13,233,326
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	76,740	76,740	77,255	515
Transfers to other funds	(6,435,521)	(58,116,612)	(57,975,537)	141,075
Issuance of leases	-	-	580,585	580,585
Issuance of subscriptions	-	-	986,524	986,524
Sale of capital assets	121,000	121,000	159,858	38,858
Appropriated fund balance	2,608,888	15,919,010	-	(15,919,010)
Other financing (uses), net	(3,628,893)	(41,999,862)	(56,171,315)	(14,171,453)
Net change in fund balance	$ -	$ -	(938,127)	$ (938,127)

Reconciliation to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis):

Fund balance, beginning of year	81,346,392
Change in fund balance, Community Loan Fund	-
Ending balance	$ 80,408,265

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

ORANGE COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Restricted intergovernmental	$ 28,889,722	$ 28,889,722	$ 8,592,086	$ (20,297,636)
Total revenues	28,889,722	28,889,722	8,592,086	(20,297,636)
EXPENDITURES				
Current:				
Community services	300,000	300,000	-	300,000
General government	2,887,099	2,887,099	249,607	2,637,492
Public safety	2,781,051	2,781,051	96,393	2,684,658
Human services	12,664,750	12,664,750	7,190,192	5,474,558
Education	70,000	70,000	-	70,000
Support services	10,186,822	10,186,822	1,057,068	9,129,754
Total expenditures	28,889,722	28,889,722	8,593,260	20,296,462
Net change in fund balance	$ -	$ -	(1,174)	$ (1,174)
FUND BALANCE				
Beginning balance			-	
Ending balance			$ (1,174)	

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Solid Waste Landfill	SportsPlex	Total Enterprise Fund	Internal Service Fund
ASSETS				
Current assets:				
Cash and investments - unrestricted	$ 17,729,823	$ 1,014,710	$ 18,744,533	$ 684,487
Cash and investments - restricted	285,113	684,724	969,837	-
Accounts receivable	224,669	11,496	236,165	7,432
Due from other governments	103,370	-	103,370	-
Total current assets	18,342,975	1,710,930	20,053,905	691,919
Capital assets:				
Nondepreciable assets	2,252,810	794,466	3,047,276	-
Depreciable assets, net	9,178,570	7,382,299	16,560,869	-
Capital assets, net	11,431,380	8,176,765	19,608,145	-
Total assets	29,774,355	9,887,695	39,662,050	691,919
DEFERRED OUTFLOWS OF RESOURCES	1,446,834	-	1,446,834	-
LIABILITIES				
Current liabilities:				
Accounts payable	358,818	63,347	422,165	1,157,674
Accrued payroll and other liabilities	291,419	46,869	338,288	-
Unearned revenue	-	268,254	268,254	-
Current portion:				
Long-term debt	931,733	336,857	1,268,590	-
Landfill postclosure	447,673	-	447,673	-
Compensated absences payable	149,573	-	149,573	-
Total current liabilities	2,179,216	715,327	2,894,543	1,157,674
Noncurrent liabilities:				
Long-term debt	5,540,444	3,751,761	9,292,205	-
Landfill postclosure	6,131,437	-	6,131,437	-
Compensated absences payable	99,715	-	99,715	-
Net pension liability	2,280,023	-	2,280,023	-
Total noncurrent liabilities	14,051,619	3,751,761	17,803,380	-
Total liabilities	16,230,835	4,467,088	20,697,923	1,157,674
DEFERRED INFLOWS OF RESOURCES	49,767	-	49,767	-
NET POSITION				
Net investment in capital assets	5,244,316	4,772,871	10,017,187	-
Unrestricted	9,696,271	647,736	10,344,007	(465,755)
Total net position	$ 14,940,587	$ 5,420,607	$ 20,361,194	$ (465,755)

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Solid Waste Landfill	SportsPlex	Total Enterprise Fund	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 10,590,452	$ 4,769,351	$ 15,359,803	$ -
Employer and employee contributions	-	-	-	12,499,365
Other operating revenue	411,346	-	411,346	-
Total operating revenues	11,001,798	4,769,351	15,771,149	12,499,365
OPERATING EXPENSES				
Operations	5,600,865	1,978,902	7,579,767	15,889,500
General and administrative	2,815,469	1,635,291	4,450,760	94,692
Depreciation	1,014,082	503,366	1,517,448	-
Total operating expenses	9,430,416	4,117,559	13,547,975	15,984,192
Operating income (loss)	1,571,382	651,792	2,223,174	(3,484,827)
NON-OPERATING REVENUES (EXPENSES)				
Disposal taxes and reimbursements	396,532	-	396,532	-
Investment earnings	385,106	2,569	387,675	13,597
Interest expense	(221,003)	(142,950)	(363,953)	-
Non-operating revenue (expenses), net	560,635	(140,381)	420,254	13,597
Income (loss) before transfers	2,132,017	511,411	2,643,428	(3,471,230)
Transfers from other funds	-	-	-	2,792,225
Change in net position	2,132,017	511,411	2,643,428	(679,005)
NET POSITION				
Beginning balances, as previously reported	12,808,570	4,909,196	17,717,766	213,250
Ending balances	$ 14,940,587	$ 5,420,607	$ 20,361,194	$ (465,755)

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Solid Waste Landfill	SportsPlex	Total Enterprise Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 11,606,125	$ 4,856,320	$ 16,462,445	$ 12,491,933
Cash paid for goods and services	(5,745,768)	(2,049,041)	(7,794,809)	(15,280,099)
Cash paid to employees	(4,582,554)	(1,690,953)	(6,273,507)	-
Net cash provided (used) by operating activities	1,277,803	1,116,326	2,394,129	(2,788,166)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	-	-	-
Transfers from other funds	-	-	-	2,792,225
Net cash provided by non-capital financing activities	-	-	-	2,792,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition/construction of capital assets	(953,855)	-	(953,855)	-
Principal payments on long-term debt	(919,792)	(551,779)	(1,471,571)	-
Interest paid and fiscal fees paid	(291,798)	(192,926)	(484,724)	-
Net cash used for capital and related financing activities	(2,165,445)	(744,705)	(2,910,150)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	385,106	2,569	387,675	13,597
Net cash provided by investing activities	385,106	2,569	387,675	13,597
Net increase (decrease) in cash and cash equivalents	(502,536)	374,190	(128,346)	17,656
CASH AND CASH EQUIVALENTS				
Beginning balances	18,517,472	1,325,244	19,842,716	666,831
Ending balances	$ 18,014,936	$ 1,699,434	$ 19,714,370	$ 684,487
CASH AND CASH EQUIVALENTS				
Cash and investments - unrestricted	$ 17,729,823	$ 1,014,710	$ 18,744,533	$ 684,487
Cash and investments - restricted	285,113	684,724	969,837	-
Total cash and cash equivalents	$ 18,014,936	$ 1,699,434	$ 19,714,370	$ 684,487

'he accompanying notes are an integral part of these financial statements.

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Solid Waste Landfill	SportsPlex	Total Enterprise Fund	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 1,571,382	$ 651,792	$ 2,223,174	$ (3,484,827)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Disposal taxes and reimbursements	396,532	-	396,532	-
Depreciation	1,014,082	503,366	1,517,448	-
Landfill closure and postclosure care costs	(987,224)	-	(987,224)	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Decrease (increase) in:				
Accounts receivable	211,444	5,170	216,614	(7,432)
Due from other governments	(3,649)	-	(3,649)	-
Deferred outflows - pensions	(469,837)	-	(469,837)	-
Increase (decrease) in:				
Accounts and claims payable	(864,339)	(70,139)	(934,478)	704,093
Accrued payroll withholdings	44,541	(55,662)	(11,121)	-
Unearned revenue	-	81,799	81,799	-
Compensated absences payable	19,268	-	19,268	-
Net pension liability	1,499,003	-	1,499,003	-
Deferred inflows - pensions	(1,153,400)	-	(1,153,400)	-
Net cash provided (used) by operating activities	$ 1,277,803	$ 1,116,326	$ 2,394,129	$ (2,788,166)

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash and investments - restricted	$ 381,735	$ 251,029
Total assets	381,735	251,029
LIABILITIES		
Accounts payable	-	38,540
Accrued liabilities	-	53,504
Total liabilities	-	92,044
NET POSITION		
Restricted for:		
Other postemployment benefits	381,735	-
Individuals, organizations and other governments	-	158,985
Total net position	$ 381,735	$ 158,985

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

ORANGE COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Trust Fund	Custodial Funds
ADDITIONS		
Employer contributions	$ 3,529,472	$ -
Charges for services	-	18,090
Collections on behalf of inmates	-	297,476
Donations	-	32,001
Payments from Orange County	-	1,544
Investment earnings	18,702	3,562
Total additions	3,548,174	352,673
DEDUCTIONS		
Benefit payments	3,529,472	-
Payments on behalf of inmates	-	304,839
Corp loans disbursed	-	37,498
Other	-	76,284
Total deductions	3,529,472	418,621
Change in net position	18,702	(65,948)
NET POSITION		
Beginning balances	363,033	224,933
Ending balances	$ 381,735	$ 158,985

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Orange County, North Carolina (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County’s significant accounting policies are described below.

A. Reporting Entity

The County was founded in 1752 and is located in the northcentral portion of North Carolina (the “State”) on the Piedmont Plateau. The County has a commissioner/manager form of government with a seven-member elected Board of Commissioners (the “Board”) comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The County’s component units are discussed below and are included in the County’s reporting entity because of the significance of their operational and financial relationship with the County. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Orange County Alcoholic Beverage Control Board. The Orange County Alcoholic Beverage Control Board (the “ABC Board”) operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board’s governing board are appointed by the County. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. Complete separate financial statements for the ABC Board may be obtained at its administrative office:

Orange County ABC Board
122 Highway 70 East
Hillsborough, North Carolina 27278

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Orange County Industrial Facility and Pollution Control Financing Authority. The Orange County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a three-member Board of Commissioners, all of whom are appointed by the Board. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the County's financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation

Government-wide Statements. The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements in all material areas. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on 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. 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. 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 of which is displayed in a separate column. All remaining government 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, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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 primary government, except those required to be accounted for in another fund.

Debt Service Fund. The Debt Service Fund accounts for the accumulation of resources and payment of principal and interest on debt.

American Rescue Plan Act Fund. This is a special revenue fund. It accounts for the Coronavirus State and Local Fiscal Recovery Funds received by the County pursuant to the passage of the American Rescue Plan Act of 2021.

County Capital Improvements Fund. This is a capital project fund. It is used to account for the financial resources used for the acquisition, renovation, and improvement of public facilities.

School Capital Improvements Fund. This is a capital project fund. It accounts for financial resources used for the construction, acquisition, and renovation of public school facilities. Ownership of the facilities are conveyed to the local education agencies when completed.

The County reports the following major proprietary funds:

Solid Waste Landfill Fund. This is an enterprise fund. It is used to account for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Orange County.

SportsPlex Fund. This is an enterprise fund. It is used to account for the operation and maintenance of the Triangle SportsPlex.

The County reports the following fiduciary funds:

OPEB Trust Fund. This fund is used to report resources that are required to be held in trust for the members and beneficiaries of the County's Other Post Employment Benefit (OPEB) retiree health plan.

Custodial Funds. These funds are used to report fiduciary activities not required to be reported in trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains four custodial funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The County reports the following other funds:

Non-major governmental funds. The County maintains twenty-five non-major special revenue and capital projects funds.

Internal service fund. The County maintains one internal service fund that is used to account for the County's health and dental insurance benefit it provides to its employees.

C. Measurement Focus and Basis of Accounting

NCGS 159-26 requires the County to maintain all of its funds on the modified accrual basis of accounting during the year.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Non-change 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements. These statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers most revenues to be available if they are collected within 90 days after year-end, except for property taxes which use a 60-day period. Since September 1, 2013, the State has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received.

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the County, are recognized as revenue. Other intergovernmental revenues are not susceptible to accrual because generally they are not measurable until received in cash. All taxes are reported as general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and leases, claims and judgements, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions, including those acquired via leasing arrangements, are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes (NCGS or G.S.). An annual budget ordinance is adopted for the General Fund, special revenue funds (excluding certain multi-year project funds), all enterprise operating funds and the internal service fund. Project ordinances are adopted for certain multi-year special revenue funds, capital project funds and capital project funds within each major enterprise fund. The enterprise capital project funds are consolidated with their respective operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for all project ordinances. Amendments are required for any revisions that alter total expenditures of any fund or that change appropriations by more than $5,000. The Board must approve all amendments. During the year, the original budget ordinances were amended through supplemental appropriations. These changes are reflected in the supplemental budgetary comparison statements and schedules.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Data (Continued)

The budget ordinance must be adopted by July 1 of each fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. All annually adopted budgetary appropriations lapse at the end of the fiscal year.

E. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by NCGS 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in the State. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market deposit accounts, and certificate of deposit.

NCGS 159-30(c) authorizes the County 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).

NCGS 159-30.1 allows the County to establish and fund an irrevocable trust for the purpose of paying OPEB expenses for which the County is liable. The County's OPEB Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and NCGS 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in NCGS 147-69.2(b)(1-6) and (8).

Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (the "STIF") consisting of short to intermediate treasuries, agencies and corporate issues authorized by NCGS 147-69.1, the Bond Index Fund (the "BIF") consisting of high quality debt securities eligible under NCGS 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under NCGS 147-69.2(b)(8).

The majority of the County's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

NCCMT. This investment is authorized by NCGS 159-30(c)(8) and consists of an SEC-registered fund. The fund, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAmf by Moody's Investor Services. The Government Portfolio is reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

The STIF. This investment is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. These 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. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2023, of 1.3 years. Under the authority of NCGS 147.69.3, no unrealized gains or losses of the STIF are distributed participants of the fund.

The BIF. This investment 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 BIF does not have a credit rating, 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. This investment is a common trust fund considered to be commingled in nature. The investment's 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 $31.816 per share. Fair value of this investment 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 moneys from all funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize investment earnings. Therefore, all cash and investments are considered cash and cash equivalents.

G. Restricted Assets

The unexpended debt proceeds of the governmental funds/governmental activities are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. The unexpended debt proceeds of the enterprise funds/business-type activities are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Cash and investments in the OPEB Trust Fund is considered restricted because it can only be used to pay OPEB obligations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

In accordance with NCGS 105-347 and NCGS 159-13(a), the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022.

I. Allowances

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

J. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as “internal balances.”

K. Leases

Lessee

The County is a lessee for multiple noncancellable lease of land, real property, equipment and vehicles. The County recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. The County recognizes lease liabilities and leased right to use assets in accordance with its capitalization policy (Note 1-N).

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases (Continued)

Lessee (Continued)

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In the statement of net position, lease assets are reported with other capital assets and lease liabilities are reported with other long-term liabilities as amounts due within one year and amounts due in more than one year.

Lessor

The County is the lessor for certain noncancellable lease of real property and land within existing County buildings and land. The County recognizes a lease receivable and a deferred inflow of resources for deferred lease revenue in accordance with these transactions.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the County (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the County as lessor do not include stated interest rates. Therefore, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases (Continued)

Lessor (Continued)

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

L. Subscription-Based Information Technology Arrangements

The County has executed contracts that qualify as noncancellable subscription-based information technology arrangements (SBITAs). The County recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and enterprise fund financial statements. At the commencement of a SBITA, the County initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain implementation and other costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life – which is the shorter of the SBITA term or the useful life of the underlying asset.

Key estimates and judgments related to SBITA include how the County determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments:

- The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the SBITA is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term liabilities as amounts due within one year and amounts due in more than one year on the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Inventories

The inventories of the County are valued at cost (first-in, first-out) which approximates market.

N. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method in the governmental funds.

O. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (including right-to-use leased assets) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 July 1, 2015, are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The County holds title to certain Orange County Board of Education and Chapel Hill-Carrboro City Board of Education (the “Schools”) 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 and to permit the County to receive refunds of sales tax paid for construction costs.

Agreements between the County and the Schools give the Schools full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Schools once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are recorded as capital assets in the Schools’ respective financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Capital Assets (Continued)

Capital assets of the County and right-to-use leased assets, are depreciated on a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land improvements	20 to 30 years
Building and leasehold improvements	20 to 30 years
Automotive equipment	3 to 5 years
Other equipment	5 to 20 years

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred, as either a deferred outflow or deferred inflow of resources, and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two (2) items that qualify for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes paid in advance of the period they were intended to finance. These property taxes will be recognized as revenue in the subsequent fiscal year. The County also reports a deferred inflow of resources for deferred revenues from leases which will be amortized on a straight-line basis over the life of the underlying lease. Additionally, the County reports one (1) item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures. Additionally, deferred inflows of resources are reported for outstanding lien receivables which are not collected within 90 days of the County’s fiscal year-end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liability – ROD, total pension liability – LEOSSA, and net other postemployment benefit (OPEB) liability. Certain changes in the net pension liability and net OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability and net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period.

Q. Compensated Absences

Permanent employees of the County can earn vacation leave at the rate of 12 days per year for the first two years up to a maximum of 24 days per year after 20 years. Vacation leave may be accumulated with a maximum until January 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to February 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. Permanent employees of the County earn sick leave at a rate of 12 days per year. There is no limit on the accumulation of sick leave for the County. Sick leave does not vest with employees and therefore the County does not report a liability for unused sick leave.

R. Long-term Obligations

In the government-wide financial statements and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

S. 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 $620,309 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. No funds have been expended as of June 30, 2023. The MOA offered the County two options of expending the funds which will be determined in fiscal year 2024.

T. Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and 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 federal or state law.

Fund balances in the governmental fund financial statements are composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balances can be spent. Fund balances are classified as follows:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position/Fund Balances (Continued)

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

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

- Notes receivable - portion of fund balance that is not an available resource because it represents the year-end balance of notes receivable, which are not expendable available resources.

Restricted fund balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, laws or regulations of other governments.

- Restricted for stabilization by State statute - G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by the nonspendable portion of fund balance. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

- Restricted for public safety - This portion of fund balance is restricted by revenue source for certain public safety programs of the County.

- Restricted for human services - This portion of fund balance is restricted by revenue source for certain human services programs of the County. It also includes amounts that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position/Fund Balances (Continued)

Restricted fund balance (continued).

- Restricted for community services - This portion of fund balance is restricted by revenue source for certain community services programs of the County.
- Restricted for education - This portion of fund balance is restricted by financing source for the specific school projects the debt was originally issued.
- Restricted for capital projects - This portion of fund balance is restricted by financing source for the specific projects the debt was originally issued.

Committed fund balance. This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board. Similarly, the Board may only modify or rescind the commitment by formal action of the Board.

- Committed for health benefits - This portion of fund balance has been constrained by the Board to pay health benefits for employees of the County.
- Committed for education - This portion of fund balance has been constrained by the Board from sales tax to be used for projects to benefit the Schools.
- Committed for human services - This portion of fund balance has been constrained by the Board for the County's adoption assistance program.

Assigned fund balance. This classification includes amounts constrained by the Board to be used for specific purposes but, are neither restricted nor committed.

- To be used in the subsequent fiscal year - This portion of fund balance has been appropriated in the next year's budget and has not been classified as restricted or committed.

Unassigned fund balance. This classification includes the remaining portion of fund balance that is spendable and has not been restricted, committed or assigned. Any governmental fund with a fund deficit is classified as unassigned.

The County has a formal Board adopted minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unassigned fund balance be maintained at 16.0 percent of total expenditures in the General Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

V. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS' and RODSPF's fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

W. Other Postemployment Benefits

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 Postemployment Healthcare Benefits Plan (PHCB Plan) and additions to/deductions from PHCB Plan's fiduciary net position have been determined on the same basis as they are reported by the PHCB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

X. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit in fund balance. The County's FEMA Relief Fund reports a deficit fund balance of $744,006 as of June 30, 2023. This deficit will be eliminated in subsequent years via the reimbursement of pandemic-related expenditures from FEMA for which the County has submitted applications and is awaiting notification of funding.

The County's American Rescue Plan Act Fund and the Spay/Neuter Fund reports a deficit fund balance of $1,174 and $2,605, respectively. These deficits will be alleviated via the collection of revenues or General Fund appropriation, as necessary.

NOTE 3. DEPOSITS AND INVESTMENTS

All the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the County under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of NCGS 159-31 when designating official depositories and verifying that deposits are properly secured.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The County's deposits, at June 30, 2023, had a carrying amount of $51,712,535 and a bank balance of $51,643,427. Of the bank balance, $500,000 was covered by federal depository insurance, and $51,143,427 was covered by collateral held under the Pooling Method. The County's petty cash accounts, at June 30, 2023, totaled $5,409. Total deposits as of June 30, 2023, are summarized as follows:

Cash and cash equivalents	$	123,777,194
Restricted cash and cash equivalents		85,415,306
Statement of Fiduciary Net Position		632,764
	$	209,825,264
Cash deposited with financial institution	$	51,712,535
Petty cash		5,409
NCCMT - Government Portfolio		157,725,585
STIF		381,735
	$	209,825,264

All investments of the County 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. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County's investment balances, at June 30, 2023, consist of the following:

Investment Type	Measurement Method		Fair Value		Less than 6 months
NCCMT- Government Portfolio	Fair Value - Level 1	$	157,725,585	$	157,725,585
STIF	Fair Value - Level 2		381,735		381,735
Total Investments		$	158,107,320	$	158,107,320

The NCCMT Government Portfolio has a weighted average maturity of less than 90 days; therefore, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has a AAAm rating from S&P and AA-mf by Moody's Investor Service.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

The OPEB Trust Fund is invested in the State Treasurer's STIF pursuant to NCGS 159-30.1. The STIF may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the NCGS. The County, at June 30, 2023, was invested as follows: BlackRock's MSCI ACWI EQ Index Non-lendable Class B Fund 99.88%, and North Carolina Non-Pension Fixed Income 0.12%.

Interest Rate Risk. The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates.

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 limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments consist of investments in the NCCMT Government Portfolio which carried a credit rating of AAAm by Standard & Poor's as of June 30, 2023.

The County does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NCGS 147-69.1. The STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NCGS 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6). The Blackrock MSCI ACWE EQ Index Non-Lendable Class B Fund is unrated.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. NCGS 159-31 requires all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County's deposits are insured or collateralized at June 30, 2023, as required by NCGS.

NOTE 4. RECEIVABLES

The County's receivable balances at June 30, 2023, consisted of the following:

	General	County Capital Improvements	School Capital Improvements	American Rescue Plan Act
Receivables:				
Taxes	$ 4,095,036	$ -	$ -	$ -
Notes	5,543	-	-	-
Accounts	4,719,625	31,119	-	-
Due from other governments	17,448,514	-	-	-
Lease	1,245,432	-	-	-
Less allowance for uncollectible	(5,129,229)	-	-	-
Net Receivables	$ 22,384,921	$ 31,119	$ -	$ -

	Debt Service	Nonmajor Governmental	Solid Waste Landfill	SportsPlex
Receivables:				
Taxes	$ -	$ 2,416,740	$ -	$ -
Notes	-	1,166,141	-	-
Accounts	-	201,806	224,669	11,496
Due from other governments	-	583,069	103,370	-
Less allowance for uncollectible	-	-	-	-
Net Receivables	$ -	$ 4,367,756	$ 328,039	$ 11,496

Lease receivables

The County has entered into a 75-month lease as lessor for the use of 401 Valley Forge Road, Hillsborough, North Carolina. An initial lease receivable was recorded in the amount of $1,750,046. As of June 30, 2023, the value of the lease receivable is $1,219,201. The lessee is required to make monthly fixed payments of $24,500. The lease has an interest rate of 1.1380%. The value of the deferred inflow of resources as of June 30, 2023, was $1,190,031, and the County recognized lease revenue of $280,007 during the fiscal year. The lessee has 2 extension options, each for 60 months.

The County has entered into a 27-month lease as lessor for the use of 133 Peachtree Street. An initial lease receivable was recorded in the amount of $235,140. As of June 30, 2023, the value of the lease receivable is $26,231. The lessee is required to make monthly fixed payments of $8,750. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of June 30, 2023, was $26,127, and the County recognized lease revenue of $104,507 during the fiscal year.

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land	$ 20,516,305	$ -	$ -	$ -	$ 20,516,305
Intangible rights	481,624	-	-	942,474	1,424,098
Construction in progress	23,695,562	10,712,543	-	(13,507,272)	20,900,833
Total	44,693,491	10,712,543	-	(12,564,798)	42,841,236
Capital assets, being depreciated and amortized:					
Buildings and improvements	151,299,208	-	(706,507)	10,825,286	161,417,987
Other improvements	3,411,653	-	-	-	3,411,653
Automotive equipment	13,064,263	1,512,080	(559,029)	-	14,017,314
Other equipment	16,140,662	266,211	-	1,739,512	18,146,385
Right-to-use lease land	270,636	-	(125,304)	-	145,332
Right-to-use lease buildings	8,744,866	580,585	(463,710)	-	8,861,741
Right-to-use lease equipment	171,478	-	(2,282)	-	169,196
Right-to-use lease vehicles	165,782	-	(35,634)	-	130,148
Subscription assets	3,865,229	1,011,464	-	-	4,876,693
Total	197,133,777	3,370,340	(1,892,466)	12,564,798	211,176,449
Less accumulated depreciation and amortization for:					
Buildings and improvements	56,821,356	3,161,790	(337,110)	-	59,646,036
Other improvements	2,132,284	170,580	-	-	2,302,864
Automotive equipment	11,062,272	744,649	(559,030)	-	11,247,891
Other equipment	12,964,274	644,656	-	-	13,608,930
Right-to-use lease land	143,806	49,828	(93,978)	-	99,656
Right-to-use lease buildings	2,571,531	2,389,412	(278,226)	-	4,682,717
Right-to-use lease equipment	46,375	48,759	(1,141)	-	93,993
Right-to-use lease vehicles	70,247	47,582	(22,665)	-	95,164
Subscription assets	-	1,566,760	-	-	1,566,760
Total	85,812,145	8,824,016	(1,292,150)	-	93,344,011
Total capital assets, being depreciated and amortized, net	111,321,632	(5,453,676)	(600,316)	12,564,798	117,832,438
Governmental activities capital assets, net	$ 156,015,123	$ 5,258,867	$ (600,316)	$ -	$ 160,673,674

The County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. As a result of the implementation of the new standard, the beginning balance of subscription assets was updated to reflect agreements in place as of the implementation date.

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense by function:		
Community services	$	302,385
General government		3,089,310
Public safety		939,144
Human services		1,007,388
Support services		3,485,789
Total depreciation and amortization - governmental activities	$	8,824,016

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NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Solid Waste Landfill:					
Nondepreciable capital assets:					
Land	$ 824,594	$ -	$ -	$ -	$ 824,594
Construction in progress	1,127,135	301,081	-	-	1,428,216
Total	1,951,729	301,081	-	-	2,252,810
Capital assets, being depreciated:					
Land improvements	7,422,587	-	-	-	7,422,587
Buildings	5,084,038	-	-	-	5,084,038
Equipment	13,430,643	652,774	(108,966)	-	13,974,451
Total	25,937,268	652,774	(108,966)	-	26,481,076
Less accumulated depreciation for:					
Land improvements	3,612,906	133,548	-	-	3,746,454
Buildings	2,235,186	163,499	-	-	2,398,685
Equipment	10,549,298	717,035	(108,966)	-	11,157,367
Total	16,397,390	1,014,082	(108,966)	-	17,302,506
Total capital assets, being depreciated, net	9,539,878	(361,308)	-	-	9,178,570
Solid waste landfill fund capital assets, net	$ 11,491,607	$ (60,227)	$ -	$ -	$ 11,431,380

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
SportsPlex:					
Nondepreciable capital assets:					
Land	$ 794,466	$ -	$ -	$ -	$ 794,466
Total	794,466	-	-	-	794,466
Capital assets, being depreciated:					
Buildings	12,743,945	-	-	-	12,743,945
Equipment	659,234	-	-	-	659,234
Total	13,403,179	-	-	-	13,403,179
Less accumulated depreciation for:					
Buildings	4,896,785	484,720	-	-	5,381,505
Equipment	620,729	18,646	-	-	639,375
Total	5,517,514	503,366	-	-	6,020,880
Total capital assets, being depreciated, net	7,885,665	(503,366)	-	-	7,382,299
SportsPlex fund capital assets, net	$ 8,680,131	$ (503,366)	$ -	$ -	$ 8,176,765

Construction commitments – The County has active construction projects in progress at June 30, 2023. The County has contractual commitments on these projects of approximately $17 million.

NOTE 6. LONG-TERM DEBT

The County – Long-term liability activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Repayments and Adjustments	Ending Balance	Due within One Year
Governmental activities:					
General obligation bonds - direct placement	$ 128,250,000	$ -	$ (11,435,000)	$ 116,815,000	$ 9,470,000
Bond premiums	10,038,512	-	(870,879)	9,167,633	-
Total general obligation bonds	138,288,512	-	(12,305,879)	125,982,633	9,470,000
Installment notes - direct borrowing and direct placement	182,965,071	14,298,000	(16,210,567)	181,052,504	18,406,468
Note premiums	14,722,417	-	(1,585,498)	13,136,919	-
Total installment notes	197,687,488	14,298,000	(17,796,065)	194,189,423	18,406,468
Leases payable	6,564,346	580,585	(2,745,970)	4,398,961	1,810,570
Subscriptions payable	2,747,307	986,524	(1,477,889)	2,255,942	1,191,222
Net pension liability (LGERS)	10,536,460	26,269,023	-	36,805,483	-
Total pension liability (LEOSSA)	6,941,163	503,175	(1,301,241)	6,143,097	237,641
Compensated absences	4,125,727	4,595,863	(3,874,832)	4,846,758	2,908,055
Claims payable	622,887	-	(304,869)	318,018	318,018
Net OPEB liability	132,374,775	8,760,400	(20,593,988)	120,541,187	-
Governmental activity Long-term liabilities	$ 499,888,665	$ 55,993,570	$ (60,400,733)	$ 495,481,502	$ 34,341,974

	Beginning Balance restated	Additions	Repayments and Adjustments	Ending Balance	Due within One Year
Business-type activities:					
Solid Waste Landfill					
Installment notes - direct borrowing and direct placement	$ 6,890,071	$ -	$ (919,792)	$ 5,970,279	$ 931,733
Note premiums	572,693	-	(70,851)	501,842	-
Total installment notes	7,462,764	-	(990,643)	6,472,121	931,733
Net pension liability (LGERS)	781,020	1,499,003	-	2,280,023	-
Post-closure care costs	7,566,334	-	(987,224)	6,579,110	447,673
Compensated absences	230,020	218,790	(199,522)	249,288	149,573
Total Long-term liabilities	$ 16,040,138	$ 1,717,793	$ (2,177,389)	$ 15,580,542	$ 1,528,979
SportsPlex					
Installment notes - direct borrowing and direct placement	$ 4,320,329	$ -	$ (551,779)	$ 3,768,550	$ 336,857
Note premiums	370,044	-	(49,976)	320,068	-
Total installment notes	$ 4,690,373	$ -	$ (601,755)	$ 4,088,618	$ 336,857

For all governmental funds, compensated absences and claims payable are liquidated through the General Fund. The pension and OPEB liabilities are liquidated primarily through the General Fund.

NOTE 6. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

All general obligation bonds, serviced by the County's General Fund, are collateralized by the full faith, credit, and taxing power of the County. The outstanding balances at June 30, 2023, were as follows:

	Balance as of June 30, 2023
Governmental Activities:	
$13,300,000 Series 2012 refunding serial bonds, due in semi-annual installments through April 2024 with interest at 4.00%.	$ 2,560,000
$5,900,000 Series 2017A school bonds, due in annual installments through February 2028 with interest ranging from 4.00 to 5.00%.	3,140,000
$21,000,000 Series 2017B school bonds, due in annual installments through February 2028 with interest ranging from 2.15 to 5.00%.	18,910,000
$64,400,000 Series 2018 school bonds, due in annual installments through August 2038 with interest ranging from 2.65 to 5.00%.	57,240,000
$20,060,000 Series 2020 school bonds, due in annual installments through August 2040 with interest ranging from 2.00 to 5.00%.	18,050,000
$2,500,000 Series 2021 school bonds, due in annual installments through August 2041 with interest ranging from 2.00 to 5.00%.	2,375,000
$14,540,000 Series 2022 school bonds, due in annual installments through February 2043 with interest ranging from 4.00 to 5.00%.	14,540,000
Total outstanding general obligation bonds	$ 116,815,000

Of the amount serviced by the County's General Fund shown above, $114,632,992 is considered to be debt related to the schools.

NOTE 6. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

The annual debt service requirements to maturity on the general obligation bonds are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2024	$ 9,470,000	$ 4,374,575	$ 13,844,575
2025	6,910,000	3,933,975	10,843,975
2026	6,910,000	3,588,475	10,498,475
2027	6,910,000	3,244,850	10,154,850
2028	6,910,000	2,901,225	9,811,225
2029-2033	34,530,000	10,408,095	44,938,095
2034-2038	34,475,000	4,586,431	39,061,431
2039-2043	10,700,000	611,844	11,311,844
Total	$ 116,815,000	$ 33,649,470	$ 150,464,470

As of June 30, 2023, the County has no authorized but unissued bonds. The County is subject to the Local Government Bond Act of North Carolina which limits the amount debt local governments can issue to 8% of the appraised value of property subject to taxation. The County's debt margin, at June 30, 2023, was $1,503,015,412.

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NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable

All financing agreements are secured by the underlying assets along with the full faith and taxing authority of the County. The outstanding balances at June 30, 2023, were as follows:

		Balance as of June 30, 2023
Governmental Activities:		
Direct borrowing - $9,889,439 Certificates of Participation due in annual installments through January 2026 with interest ranging from 4.00 to 5.00%.	$	1,977,888
Direct placement - $4,136,434 of qualified school construction bonds due in annual installments through March 2025 at 0% interest.		551,525
Direct placement $17,029,037 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 3.25 to 5.00%.		9,230,000
Direct placement - $25,556,391 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.		21,295,193
Direct placement - $10,079,071 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.		5,997,000
Direct placement - $7,242,241 Series 2018 limited obligation bonds due in annual installments through October 2038 with interest ranging from 3.25 to 5.00%.		4,070,000
Direct placement - $12,796,234 Series 2019A limited obligation bonds due in annual installments through October 2039 with interest ranging from 4.00 to 5.00%.		10,125,000
Direct placement - $28,869,388 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.		18,880,702
Direct placement - $39,663,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest at 2.70%.		34,976,000
Direct placement - $18,490,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.		16,510,000
Direct placement - $4,035,555 Series 2021B taxable limited obligation refunding bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.		3,773,197
Direct placement - $6,885,000 Series 2022A limited obligation bonds due in annual installments through February 2031 with interest at 2.13%.		6,885,000
Direct placement - $32,483,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%.		32,483,000
Direct placement - $5,080,000 Series 2023A limited obligation bonds due in annual installments through February 2043 with interest at 3.73%.		5,080,000
Direct placement - $9,218,000 Series 2023B limited obligation bonds due in annual installments through February 2043 with interest at 3.83%.		9,218,000
Total outstanding installment notes payable	$	181,052,505

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

Of the amount serviced by the County's General Fund shown above, $53,409,244 is considered to be debt related to the schools.

The annual debt service requirements to maturity on the installment notes from direct borrowings and placements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2024	$ 18,406,468	$ 5,913,568	$ 24,320,036
2025	18,444,652	5,468,498	23,913,150
2026	16,286,081	4,797,574	21,083,655
2027	16,993,423	4,074,786	21,068,209
2028	12,219,422	3,486,726	15,706,148
2029-2033	47,225,459	11,721,830	58,947,289
2034-2038	31,469,000	5,285,833	36,754,833
2039-2043	20,008,000	1,204,544	21,212,544
Total	$ 181,052,505	$ 41,953,359	$ 223,005,864

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NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

		Balance as of June 30, 2023
Business-type Activities:		
Solid Waste Landfill:		
Direct placement - $1,022,396 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 0.00 to 5.00%.	$	455,000
Direct placement - $1,228,736 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.		1,046,257
Direct borrowing - $350,091 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.		88,000
Direct placement - $267,759 Series 2018 limited obligation bonds due in annual installments through October 2038 with interest ranging from 3.25 to 5.00%.		75,000
Direct placement - $1,338,766 Series 2019A limited obligation bonds due in annual installments through October 2039 with interest ranging from 4.00 to 5.00%.		965,000
Direct placement - $306,444 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.		79,297
Direct placement - $998,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest ranging at 2.70%.		777,000
Direct placement - $270,000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.		240,000
Direct placement - $194,445 Series 2021B taxable limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.		181,803
Direct placement - $519,000 Series 2022A limited obligation bonds due in annual installments through February 2031 with interest at 2.13%		519,000
Direct placement - $1,543,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%		1,543,000
Total outstanding installment notes payable	$	5,969,357

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

		Balance as of June 30, 2023
Business-type Activities:		
SportsPlex:		
Direct placement - $2,058,567 Series 2015 NM limited obligation bonds due in annual installments through April 2030 with interest ranging from 3.25 to 5.00%.	$	425,000
Direct placement - $334,873 Series 2017 limited obligation bonds due in annual installments through October 2032 with interest ranging from 0.00 to 5.00%.		263,550
Direct borrowing - $3,041,839 Series 2017 from Sterling Bank due in annual installments through June 2037 with interest at 2.83%.		1,953,000
Direct placement - $569,169 Series 2019B limited obligation bonds due in annual installments through October 2039 with interest ranging from 1.75 to 5.00%.		410,000
Direct placement - $70,000 Series 2020 limited obligation bonds due in annual installments through October 2040 with interest ranging at 2.70%.		52,000
Direct placement - $595000 Series 2021A limited obligation bonds due in annual installments through November 2041 with interest ranging from 2.00 to 5.00%.		560,000
Direct placement - $405,000 Series 2022B limited obligation bonds due in annual installments through February 2043 with interest at 2.41%.		105,000
Total outstanding installment notes payable	$	3,768,550

NOTE 6. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable (Continued)

The annual debt service requirements to maturity on the installment notes from direct borrowings and placements are as follows:

	Business-type Activities			
	Solid Waste Landfill		SportsPlex	
	Principal	Interest	Principal	Interest
Year Ending June 30,				
2024	$ 931,733	$ 197,140	$ 336,857	$ 128,400
2025	784,436	165,587	346,970	115,453
2026	706,020	137,269	322,196	102,023
2027	845,049	105,503	382,527	87,839
2028	478,577	79,545	272,000	74,923
2029-2033	1,338,542	221,069	1,122,000	246,097
2034-2038	631,000	81,941	821,000	82,194
2039-2043	254,000	15,832	165,000	7,157
Total	$ 5,969,357	$ 1,003,886	$ 3,768,550	$ 844,086

Leases Payable

On July 1, 2021, the County entered into multiple land and building leases with lease terms ranging from 16 months to 105 months. The initial lease liability recorded for the land and building leases was $9,015,502. As of June 30, 2023, the value of the lease liability is $4,288,331. The County is required to make monthly fixed payments ranging from $2,767 to $71,705. The leases have interest rates ranging from 0.3080% to 1.4480%. The value of the right to use assets for the land and building leases as of June 30, 2023, was $9,007,073 with accumulated amortization of $4,782,373.

On July 1, 2021; December 1, 2021; January 3, 2022; and February 1, 2022, the County entered into multiple copier leases with lease terms ranging from 24 months to 48 months. The initial lease liability recorded for the copier leases was $142,063. As of June 30, 2023, the value of the lease liability is $75,042. The County is required to make monthly fixed payments ranging from $50 to $353. The leases have interest rates ranging from 0.4350% to 1.4690%. The value of the right to use assets for the copier leases as of June 30, 2023, was $169,196 with accumulated amortization of $93,992.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Leases Payable (Continued)

On July 1, 2021, the County entered into multiple vehicle leases with lease terms ranging from 18 months to 49 months. The initial lease liability recorded for the vehicle leases was $165,782. As of June 30, 2023, the value of the lease liability is $35,589. The County is required to make monthly fixed payments ranging from $228 to $452. The leases have interest rates ranging from 0.4350% to 0.8140%. The value of the right to use assets for the vehicle leases as of June 30, 2023, was $130,148 with accumulated amortization of $95,165.

Debt service to maturity on the County’s outstanding leases are as follows:

Fiscal Year	Principal	Interest	Payments
2024	$ 1,810,570	$ 45,261	$ 1,855,831
2025	944,041	27,615	971,656
2026	698,311	17,072	715,383
2027	518,365	8,927	527,292
2028	149,633	5,209	154,842
2029	278,042	3,731	281,773
	$ 4,398,962	$ 107,815	$ 4,506,777

Subscriptions Payable

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The County has multiple contracts that qualify for reporting under GASB Statement No. 96. These agreements have terms ranging from 12 months to 72 months. The initial subscription liability was recorded in the amount of $2,747,307. As of June 30, 2023, the value of the subscription liability is $2,255,942. The County is required to make annual fixed payments ranging from $2,817 to $182,119. The subscriptions have an interest rate ranging from 1.58% to 3.12%. The value of the right to use asset as of June 30, 2023, is $4,876,693 with accumulated amortization of $1,566,760.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Subscriptions Payable (Continued)

Debt service to maturity on the County's outstanding subscriptions are as follows:

Fiscal Year	Principal	Interest	Payments
2024	$ 1,191,222	$ 69,088	$ 1,260,310
2025	769,047	45,063	814,110
2026	250,305	25,098	275,403
2027	31,062	1,030	32,092
2028	14,306	332	14,638
	$ 2,255,942	$ 140,611	$ 2,396,553

Landfill Closure and Post-Closure Care Costs

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability of $6,579,110 for closure and post-closure care in the Solid Waste Landfill Fund. The County's municipal solid waste landfill is no longer accepting waste and has been closed with all estimated post-closure costs estimated and accrued. Phase 1 and 2 of the County's construction and demolition landfill continues to accept waste while Phase 3 (lateral expansion) and Phase 4 and 5 (vertical expansion) were opened this year and included in the liability estimate.

As of June 30, 2023, the construction and demolition landfill has used approximately 45% of the permitted 789,250 cubic yards of capacity. The remaining costs, not yet accrued for the construction and demolition landfill of $2,508,449 will be recognized over the future life of the landfills as capacity is used. Actual costs may be higher upon completion of the cost estimates, or due to inflation, change in technology, or changes in regulations.

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Interfund Receivables and Payables

The County uses a central depository to pool its cash and investments. The General Fund is the primary lending fund when timing differences create cash deficits in other funds. These deficits are temporary and are reported as "Due to other funds". The offsetting receivable balance is recorded in the General Fund as "Due from other funds". Interfund balances between governmental funds and the internal service fund is eliminated at the government-wide level. The outstanding balances of $970,540 and $545, at June 30, 2023, was between the General Fund and the FEMA Recovery fund and the Spay/Neuter Fund, respectively, and was eliminated at the government-wide level.

Transfers

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. The following is a summary of the transfers made during the year:

	Transfers from Other Funds						
	General Fund	County Capital Improvements Fund	School Capital Improvements Fund	Non-Major Governmental Funds	Debt Service Fund	Internal Service Fund	Transfers to Other Funds
General fund	$ -	$ 1,541,773	$ 2,602,354	$ 6,962,015	$ 44,077,170	$ 2,792,225	$ 57,975,537
County Capital Improvements fund	-	-	-	-	-	-	-
Non-major governmental funds	77,255	827,450	3,500,000	197,745	-	-	4,602,450
Total transfers	$ 77,255	$ 2,369,223	$ 6,102,354	$ 7,159,760	$ 44,077,170	$ 2,792,225	$ 62,577,987

Transfers made from the General Fund to the County Capital Improvement Fund and the School Capital Improvement Fund are made to move resources to the funds accounting for project expenditures.

Transfers made from the General Fund to the nonmajor governmental funds are made to provide the County's local matching contributions for various grant-funded projects.

Transfers made from the General Fund to the Debt Service Fund reflect the transfer of resources to be used in retiring the County's outstanding debt obligations in accordance with the purpose of the creation of the Debt Service Fund.

Transfers made from the General Fund to the Internal Service Fund reflect the transfer of resources to be used for retirees' healthcare claims.

NOTE 8. NET POSITION/FUND BALANCE

Net Investment in Capital Assets

As discussed in Note 1M, the County issues debt for the acquisition and construction of assets for the schools. The calculation of "Net Investment in Capital Assets" must exclude school related debt because the County does not own the assets. The following summarizes the County's calculation:

	Governmental Activities	Business-type Activities
Capital assets, net	$ 160,673,674	$ 19,608,144
Less:		
County related debt - bonds	(2,182,008)	-
County related debt - installment notes	(127,643,261)	(9,737,907)
Unamortized premium on County related debt	(11,641,091)	(821,968)
County related debt - leases and subscriptions	(6,654,904)	-
Add:		
Deferred loss on refunding bonds	2,531,533	-
Unexpended proceeds on County related debt	53,744,087	969,837
Net investment in capital assets	$ 68,828,030	$ 10,018,106

Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2023, there were $1,171,551 in encumbrances in the General Fund.

Fund Balance Available for Appropriation

Certain portions of fund balance are not available for spending. The following schedule provides the County and its citizens with information on the portion of fund balance, in the General Fund, that is available for appropriation:

Total fund balance – General Fund	$ 80,408,265
Less:	
Nonspendable fund balance	(46,621)
Stabilization by state statute	(21,845,304)
Fund balance available for appropriation	$ 58,516,340

NOTE 9. PENSION PLANS

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 local 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed 15 years of service as a LEO and have reached age 50 or have completed five years of creditable service as a LEO and have reached age 55 or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Contributions. Contribution provisions are established by NCGS 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 2023 was 13.24% of compensation for law enforcement officers and 12.14% for general employees and firefighters. The total actuarially determined employer and employee contributions are expected to finance the costs of benefits earned by employees during the year. Contributions from the County were $7,514,762 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 $39,085,506 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. The County's proportion was 0.69283%, at June 30, 2022, which was a decrease of 0.04514% from its proportion measured as of June 30, 2021.

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

For the year ended June 30, 2023, the County recognized pension expense of $10,819,838. The County reported deferred outflows of resources and deferred inflows of resources related to pensions, at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,684,159	$ 165,122
Net difference between projected and actual earnings on pension plan investments	12,918,169	-
Changes in proportion and differences between County contributions and proportionate share of contributions	42,700	691,446
Changes in plan assumptions	3,899,857	-
County contributions subsequent to the measurement date	7,514,762	-
Total	$ 26,059,647	$ 856,568

County contributions made subsequent to the measurement date of $7,514,762 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2024	$ 5,528,962
2025	4,760,011
2026	1,244,886
2027	6,154,458
Total	$ 17,688,317

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	3.25 – 8.25% percent
Investment rate of return	6.50 percent, net of pension plan investment expense including inflation

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued). The plan currently uses mortality rates based on the *RP-2014 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). 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions (Continued). 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 Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability 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 one percentage point lower (5.50 percent) or one 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)	$ 70,544,304	$ 39,085,506	$ 13,161,629

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.

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance 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. A separate report is not issued for the plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2021, the date of the most recent actuarial valuation the Separation Allowance’s membership consisted of:

Retirees receiving benefits	15
Active plan members	98
Total	113

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 7.75 percent
Discount rate	4.31 percent

The discount rate used to measure the total pension liability is the Standard & Poor’s 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 2.25% to 4.31% due to a change in the Municipal Bond Rate.

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the LGERS for the five-year period ending December 31, 2019.

Mortality Assumptions. All mortality rates use Pub-2010 amount-weighted tables.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid $278,600 as benefits came due for the reporting period.

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

The County reported a total pension liability at June 30, 2023, of $6,143,097. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. The County recognized pension expense of $586,330 for the year ended June 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to pensions, at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 798,326	$ 958,297
Difference between expected and actual experience	504,916	-
County benefit payments made subsequent to the measurement date.	133,054	-
Total	$ 1,436,296	$ 958,297

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

An amount of $133,054 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 ended June 30, 2024. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2024	$	258,013
2025		211,789
2026		97,708
2027		(162,622)
2028		(59,943)
Total	$	344,945

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 4.31 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	$ 6,615,885	$ 6,143,097	$ 5,711,689

Changes in the Total Pension Liability. The changes in County's the total pension liability for the year ended June 30, 2023, were as follows:

		Total Pension Liability
Balance at June 30, 2022	$	6,941,163
Service cost		268,960
Interest		153,042
Difference between expected and actual experience		81,173
Change of assumptions or other inputs		(1,022,641)
Contributions		(278,600)
Balance at June 30, 2023	$	6,143,097

The required schedule of changes in the County's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds Supplemental Pension Fund (RODSPF), a noncontributory cost-sharing multiple-employer, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (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 State Superintendent, who serve as ex-officio members. The Registers of Deeds Supplemental Pension Fund is included in the ACFR for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Resisters of Deeds Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, 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 Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. 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. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $12,274 for the year ended June 30, 2023.

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

The County reported an asset of $142,119 at June 30, 2023, 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 1.07341%, which was a increase of 0.04019% from its proportion measured as of June 30, 2021.

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund (Continued)

The County recognized pension expense of $26,074 for the year ended June 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,095	$ 2,576
Changes of assumptions	7,525	-
Net difference between projected and actual earnings on pension plan investments	59,070	-
Changes in proportion and differences between County contributions and proportionate share of contributions	3,370	5,500
County contributions subsequent to measurement date	12,274	-
Total	$ 83,334	$ 8,076

County contributions made subsequent to the measurement date of $12,274 are reported as deferred outflows of resources and will be recognized as an addition to the net pension asset during the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2024	$ 18,127
2025	10,335
2026	19,665
2027	14,857
Total	$ 62,984

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	3.25 – 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund (Continued)

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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 4.90%, including inflation.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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 3.05%. All rates of return and inflation are annualized.

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.

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds Supplemental Pension Fund (Continued)

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 or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.00 percent) or one 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 asset	$ 163,813	$ 142,119	$ 241,882

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.

D. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "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. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the ACFR for the state of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers.

That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were $1,396,592 which consisted of $956,706 from the County and $439,886 from the law enforcement officers.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. County OPEB Plan

Plan Administration and Benefits. The County, as authorized by the County Commission, administers a single employer defined benefit Postemployment Healthcare Benefits Plan (the “PHCB Plan”). The PHCB Plan is administered by the County under the direction of the County’s Board of Commissioners. The County pays 100 percent of the cost for “maximum retirees” of the County, while “other retirees” are eligible to enroll in the County’s insurance plan but must pay the full cost. Maximum Retirees are defined as meeting one of the following criteria: (1) employee with thirty (30) or more years of service with at least fifteen (15) of those years with the County; (2) employee with twenty-seven (27) or more years of service and three (3) years of prior military service with at least fifteen (15) of those years with the County; or (3) members of the governing board who have a total of sixteen (16) years of service in office. To qualify as an “other retiree,” employees must meet one of the two following: (1) have twenty-five (25) to twenty-nine (29) years of service with at least ten (10) with the County or (2) have twenty (20) or more years of qualified service with at least ten (10) years with the County. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The County’s Board of Commissioners established and may amend the benefit provisions. A separate report was not issued for the PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Active participants	878
Retirees and beneficiaries currently receiving benefits	471
Total	1,349

Contributions. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Board establishes rates based on an actuarially determined rate. The County contributed $4,019 per active employee for the year ended June 30, 2023. Plan members, once retired, contribute to the plan based on number of years of creditable service. The County’s contribution is dependent on the employee’s number of years of creditable service. Retirees pay a monthly premium of $370 with up to ten years of creditable service and $185 with ten to twenty years of creditable service. Retirees with more than twenty years of creditable service do not contribute to the plan. The Board of Commissioners may amend the benefit provisions.

Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. Benefit payments by the County were $3,529,472 for the year ended June 30, 2023.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Investments

Investment Policy. The PHCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The PHCB Plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value.

The following was the Board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equity Index Fund	75.0%	7.00%
Fixed Income Index Fund	15.0%	2.84%
Cash	10.0%	2.32%
Total	100%	

Rates are shown net of the 2.50% assumed rate of inflation.

Rate of Return. The annual money weighted rate of return on investments of the HCB Plan, net of investment expense, was 5.02 percent for the year ended June 30, 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Net OPEB Liability

The County's total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions. The net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	3.65%
Inflation rate	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforement officers	3.25% - 7.90%
Long-term expected rate of return on OPEB investments	7%, net of OPEB investment expense including price inflation
Municipal bond rate	3.65%
Healthcare cost trend rates:	
Pre-Medicare and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare and prescription drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases 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, adopted by the LGERS Board. The remaining actuarial assumptions were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

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

Long-term Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation
Equity Index Fund	75.0%
Fixed Income Index Fund	15.0%
Cash	10.0%
Total	100%

Discount Rate. The discount rate used to measure the net OPEB liability was 3.65 percent. The projection of cash flows used to determine the discount rate assumed that the County would contribute in amounts consistent with its formal contribution policy. Based on those assumptions, the OPEB Trust Fund’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members until 2023. Therefore, the long-term expected rate of return on OPEB plan investments was applied to projected benefit payments until 2023 to determine the net OPEB liability. For projected benefit payments of current plan members after 2023, the index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.65 percent as determined by the Bond Buyer 20-year Bond GO Index Rate as of June 30, 2023 – was used. The discount rate of 3.65 percent was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined. The discount rate of 3.65 percent was an increase from the discount rate of 3.54 percent utilized to determine the net OPEB liability as of the beginning of the measurement period due to an increase in the underlying municipal bond rate index utilized.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. 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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Net OPEB liability	$ 141,247,673	$ 120,541,187	$ 104,102,651

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	$ 102,072,143	$ 120,541,187	$ 144,161,457

Changes in the Net OPEB Liability of the County. The changes in the components of the County's net OPEB liability for the year ended June 30, 2023, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	$ 132,737,808	$ 363,033	$ 132,374,775
Changes for the year:			
Service cost	4,123,410	-	4,123,410
Interest	4,636,990	-	4,636,990
Differences between expected and actual experien	(16,634,969)	-	(16,634,969)
Assumption changes	(410,845)	-	(410,845)
Contributions	-	3,529,472	(3,529,472)
Net investment income	-	18,702	(18,702)
Benefit payments	(3,529,472)	(3,529,472)	-
Net changes	(11,814,886)	18,702	(11,833,588)
Balances at June 30, 2023	$ 120,922,922	$ 381,735	$ 120,541,187

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. County OPEB Plan (Continued)

Changes in the Net OPEB Liability of the County (Continued). The required schedule of changes in the County's net OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the County's total OPEB liability.

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

The County recognized OPEB expense of $7,281,287 for the year ended June 30, 2023. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB, at June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,615,583	$ 14,742,391
Change in assumptions	11,782,158	27,512,016
Differences between earnings on plan investments	22,555	-
Total	$ 24,420,296	$ 42,254,407

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

Year Ending June 30:	
2024	$ (1,249,322)
2025	(1,210,689)
2026	(3,513,401)
2027	(7,339,679)
2028	(4,521,020)
Total	$ (17,834,111)

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The County has deferred outflows of resources and deferred inflows of resources at June 30, 2023. Each deferral may be accounted for differently under the modified accrual basis of accounting and the full accrual basis of accounting. The following is a summary of each deferral under each basis of accounting:

	Modified Accrual	Full Accrual
Deferrred Outflows of Resources:		
Governmental activities:		
Pension - LGERS	$ -	$ 24,612,813
Pension - LEOSSA	-	1,436,296
Pension - RODSPF	-	83,334
OPEB	-	24,420,296
Deferred loss on refunding bonds	-	2,531,533
Total governmental activities	$ -	$ 53,084,272
Business-type activities:		
Pension - LGERS	$ -	$ 1,446,834

	Modified Accrual	Full Accrual
Deferrred Inflows of Resources:		
Governmental activities:		
Unavailable revenue:		
Intergovermental revenue	$ 82,283	$ -
Property taxes receivable	2,350,858	-
Prepaid property taxes	686,295	686,295
Leases	1,216,158	1,216,158
Pension - LGERS	-	806,601
Pension - LEOSSA	-	958,297
Pension - RODSPF	-	8,075
OPEB	-	42,254,407
Total governmental activities	$ 4,335,594	$ 45,929,833
Business-type activities:		
Pension - LGERS	-	49,967
Deferred loss on refunding bonds	-	(200)
Total business-type activities	$ -	$ 49,767

NOTE 12. RISK MANAGEMENT

The County is 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 purchases several lines of insurance coverage including general liability, auto, property, workers compensation, professional liability, cyber liability, and various other lines of coverage. The County obtains property coverage equal to replacement cost values of owned property subject to a limit of $225,878,000 any one occurrence, general, auto, professional, and employment practices liability coverage of $2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of $1 million per occurrence, workers' compensation coverage up to the statutory limits, and health insurance for County employees. For workers' compensation there is a per occurrence retention of $300,000. These insurance coverages are further backed by Umbrella coverage of $4 Million occurrence limit. Cyber Liability is set at $5 million limit. The County provides employee health and dental benefits through a self-insured plan provided by Blue Cross-Blue Shield ("Blue Cross") and Delta Dental ("Delta"), respectively. Claims are administered and paid directly from the plan by Blue Cross and Delta. Specific stop-loss is set at $200,000 per individual health insurance claim with an unlimited lifetime maximum.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of $1,000,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for another $5,000,000 of coverage per structure.

A limited risk management program is also maintained for employees' health and dental benefits administered by a third-party administrator. Premiums are paid into the Health and Dental Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program.

The County's Internal Service Fund was established to account for an employee self-insurance health benefit program. The purpose of the fund is to pay medical claims of County employees and their covered dependents and minimize the total cost of annual medical insurance to the municipality. Funding is provided by employee contributions and charges to the various funds of the County based upon estimated claim and employee participation. Expected claims are determined annually by the reinsurance carrier. The County carries aggregate stop loss insurance coverage of 125% of annual expected paid claims and individual stop loss coverage of $100,000 per covered individual and an aggregating specific deductible of $250,000 through the plan administrator utilizing a reinsurance carrier. The County has recognized a provision for claims incurred, but not reported, in the accompanying financial statements. This provision is estimated based upon actuarial claims history utilizing a two-month lag on outstanding claims.

NOTE 12. RISK MANAGEMENT (CONTINUED)

The County purchases worker's compensation insurance through Traveler's Insurance for claims up to $300,000 for each occurrence. The County has reinsurance for all individually claim occurrences in excess of the $300,000.

The County also purchases commercial insurance to protect against claims for property, general liability, auto liability, public officials, and employee bonds. Claims have not exceeded coverage in the past three years. There have been no significant reductions in insurance coverage in the past three years.

In accordance with G.S. 159-29, the County's employees that have access to $100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for $250,000 each. The remaining employees that have access to funds are bonded under a blanket bond for $250,000.

The County records a liability for estimated claims incurred but not reported (IBNR) at the end of every year based on an analysis provided by third parties. The following table summarize IBNR for the two-year period ended June 30, 2023:

	2023	2022
Dental and health insurance:		
Beginning balances:	**$ 453,579**	$ 835,227
Add:		
Claims incurred and changes in IBNR	**14,356,854**	11,122,305
Less:		
Claims paid	**13,652,762**	11,503,953
Ending balances	**$ 1,157,671**	$ 453,579

	2023	2022
Workers compensation:		
Beginning balances:	**$ 622,887**	$ 471,535
Add:		
Claims incurred and changes in IBNR	**-**	505,479
Less:		
Claims paid	**304,869**	354,127
Ending balances	**$ 318,018**	$ 622,887

NOTE 13. COMMITMENTS AND CONTINGENCIES

A. Claims and Litigation

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

B. Federal and State Assistance Programs

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

NOTE 14. JOINTLY GOVERNED ORGANIZATIONS

Orange Water and Sewer Authority. The Orange Water and Sewer Authority is a public authority created under North Carolina law, which was established for the purpose of providing water and sewer service in a defined area within the County. The Authority has a nine-member governing body with two members appointed by the Orange County Board of Commissioners, two members appointed by the Board of Aldermen of the Town of Carrboro, and five members appointed by the Mayor and Town Council of the Town of Chapel Hill. The County is not responsible for any debt of the Authority or any of its deficits. The County is not entitled to surpluses of the Authority, has no responsibility for the designation of its management, does not have any significant influence over its operations, and the Authority is not accountable to the County for fiscal matters.

Triangle Transit Authority. Orange County, in conjunction with other area local governments, is a member of the Research Triangle Regional Public Transportation Authority. Orange County appoints one member to the governing board. The Authority possesses final decision-making ability and is solely responsible for the management, budget, and fiscal operations of the Authority.

NOTE 15. RESTATEMENT OF BEGINNING BALANCES

Effective July 1, 2022, the County was required to implement the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This new statement changed how the County accounts for contracts involving information technology (IT) arrangements and requires the County to recognize a right-to-use asset for its subscriptions and a corresponding subscription liability.

As a result of the implementation, beginning net position for governmental activities has been restated to reflect beginning subscription asset and subscription liability balances as follows:

Net Position	**Governmental Activities**
Beginning balances - as previously reported	$ (162,047,683)
Adjustments:	
Beginning balance of subscription assets	3,865,229
Beginning balance of subscription liabilities	(2,747,307)
Beginning balances - as restated	$ (160,929,761)

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB LIABILITY
AND RELATED RATIOS
OPEB RETIREMENT PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
TOTAL OPEB LIABILITY				
Service cost	$ 4,123,410	$ 5,925,502	$ 5,517,347	$ 3,759,792
Interest on total OPEB liability	4,636,990	3,464,372	3,009,011	3,703,143
Difference between expected and actual experience	(16,634,969)	(709,451)	23,633,990	(804,583)
Changes of assumptions and other inputs	(410,845)	(34,822,029)	(5,075,957)	26,272,770
Benefit payments	(3,529,472)	(3,000,312)	(2,703,205)	(2,452,218)
Net change in total OPEB liability	(11,814,886)	(29,141,918)	24,381,186	30,478,904
Beginning balance	132,737,808	161,879,726	137,498,540	107,019,636
Ending balance (a)	120,922,922	132,737,808	161,879,726	137,498,540
PLAN FIDUCIARY NET POSITION				
Contributions - employer	3,529,472	3,000,312	2,703,205	2,452,218
Net investment income (loss)	18,702	(66,733)	121,570	7,255
Benefit payments	(3,529,472)	(3,000,312)	(2,703,205)	(2,452,218)
Net change in plan fiduciary net position	18,702	(66,733)	121,570	7,255
Beginning balance	363,033	429,766	308,196	300,941
Ending balance (b)	381,735	363,033	429,766	308,196
Net OPEB liability (a) - (b)	$ 120,541,187	$ 132,374,775	$ 161,449,960	$ 137,190,344
RELATED RATIOS				
Plan fiduciary net position as a percentage of the total OPEB liability	0.3167%	0.2742%	0.2662%	0.2246%
Covered payroll	$ 52,143,186	$ 55,572,023	$ 55,572,023	$ 47,235,903
Net OPEB liability as a percentage of covered payroll	231.17%	238.20%	290.52%	290.44%

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

2019	2018	2017	2016	2015	2014
$ 3,546,801	$ 3,733,643	$ 4,183,701	N/A	N/A	N/A
3,694,759	3,398,954	3,039,332	N/A	N/A	N/A
(793,706)	574,520	-	N/A	N/A	N/A
6,841,423	(5,125,557)	(9,448,990)	N/A	N/A	N/A
(2,477,527)	(3,137,462)	(3,300,768)	N/A	N/A	N/A
10,811,750	(555,902)	(5,526,725)	N/A	N/A	N/A
96,207,886	96,763,788	102,290,513	N/A	N/A	N/A
107,019,636	96,207,886	96,763,788	N/A	N/A	N/A
2,477,527	3,137,462	3,550,768	N/A	N/A	N/A
17,163	23,856	9,922	N/A	N/A	N/A
(2,477,527)	(3,137,462)	(3,300,768)	N/A	N/A	N/A
17,163	23,856	259,922	N/A	N/A	N/A
283,778	259,922	-	N/A	N/A	N/A
300,941	283,778	259,922	N/A	N/A	N/A
$106,718,695	$ 95,924,108	$ 96,503,866	N/A	N/A	N/A
0.2820%	0.2958%	0.2693%	N/A	N/A	N/A
$ 47,235,903	$ 45,902,461	$ 42,769,990	N/A	N/A	N/A
225.93%	208.97%	225.63%	N/A	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
OPEB RETIREMENT PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Actuarially determined contribution	$ 7,662,119	$ 7,722,844	$ 7,895,271	$ 7,895,271
Contributions in relation to the actuarially determined contribution	3,529,472	3,000,312	2,452,218	2,452,218
Contribution deficiency (excess)	4,132,647	4,722,532	5,443,053	5,443,053
Covered payroll	$ 52,143,186	$ 55,572,023	$ 55,572,023	$ 47,235,903
Contributions as a percentage of covered payroll	6.77%	5.40%	4.41%	5.19%

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

Current year actuarial assumptions:

Valuation date	June 30, one year prior to the end of the fiscal year in which contributions are reported.
Cost method	Entry Age.
Asset valuation method	Market Value.
Inflation	2.5%
Long-term rate of return on investments	7.00%, net of investment expenses, including inflation
Wage inflation	3.25%
Projected salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Firefighters	3.25% - 8.15%
Law enforcement officers	3.25% - 7.90%
Cost-of-living Adjustment	None
Amortization Method	Level Percentage of Payroll, Assuming 3.50% Payroll Growth
Remaining Amortization Period	26 years, closed
Health Care Cost Trends:	
Pre-Medicare and prescription drug	7.00% for 2022, decreasing to an ultimate rate of 4.50% by 2032.
Medicare and prescription drug	5.125% for 2022, decreasing to an ultimate rate of 4.50% by 2025.
Mortality	Rates based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

2019	2018	2017	2016	2015	2014
$ 7,192,181	$ 7,192,181	$ 6,820,935	$ 5,374,915	N/A	N/A
2,477,527	3,137,462	3,550,768	2,361,272	N/A	N/A
4,714,654	4,054,719	3,270,167	3,013,643	N/A	N/A
$ 47,235,903	$ 45,902,461	$ 45,902,461	$ 42,769,990	N/A	N/A
5.25%	6.84%	7.74%	5.52%	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF OPEB INVESTMENT RETURNS
OPEB RETIREMENT PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expenses	5.02%	-16.84%	32.95%	2.41%

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 75 does not exist. This schedule is building to be a ten year schedule as information becomes available.

2019	2018	2017	2016	2015	2014
6.05%	0.70%	4.00%	N/A	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Beginning balance	$ 6,941,163	$ 6,671,108	$ 4,708,711	$ 4,177,156
Service Cost	268,960	286,606	169,991	149,644
Interest on the total pension liability	153,042	126,285	149,580	148,114
Difference between expected and actual experience	81,173	285,421	301,174	314,668
Changes of assumptions or other inputs	(1,022,641)	(172,578)	1,582,362	135,303
Benefit payments	(278,600)	(255,679)	(240,710)	(216,174)
Ending balance	$ 6,143,097	$ 6,941,163	$ 6,671,108	$ 4,708,711

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

2019	2018	2017	2016	2015	2014
$ 4,016,727	$ 3,542,524	$ 3,494,747	N/A	N/A	N/A
158,300	134,129	135,380	N/A	N/A	N/A
123,815	133,794	122,514	N/A	N/A	N/A
237,158	130,316	-	N/A	N/A	N/A
(161,804)	228,699	(84,160)	N/A	N/A	N/A
(197,040)	(152,735)	(125,957)	N/A	N/A	N/A
$ 4,177,156	$ 4,016,727	$ 3,542,524	N/A	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Total pension liability	$ 6,143,097	$ 6,941,163	$ 6,671,108	$ 4,708,711
Covered-employee payroll	$ 6,103,450	$ 6,397,063	$ 5,908,664	$ 5,400,524
Total pension liability as a percentage of covered-employee payroll	100.65%	108.51%	112.90%	87.19%

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 73 does not exist. This schedule is building to be a ten year schedule as information becomes available.

The County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

2019	2018	2017	2016	2015	2014
$ 4,177,156	$ 4,016,727	$ 3,542,524	$ 3,494,747	N/A	N/A
$ 5,161,378	$ 5,086,750	$ 4,842,049	$ 4,190,815	N/A	N/A
80.93%	78.96%	73.16%	83.39%	N/A	N/A

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM LAST TEN FISCAL YEARS

	2023	2022	2021	2020
County's percentage of the net pension liability (asset)	0.69283%	0.73797%	0.73815%	0.76207%
County's proportion of the net pension liability (asset)	$ 39,085,506	$ 11,317,478	$ 26,377,244	$ 20,811,537
County's covered payroll	$ 54,013,647	$ 47,890,328	$ 47,383,875	$ 46,005,737
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.36%	23.63%	55.67%	45.24%
Plan fiduciary net position as a percentage of the total pension liability (1)	84.14%	95.51%	88.61%	91.30%

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

2019	2018	2017	2016	2015	2014
0.76253%	0.75814%	0.78464%	0.70825%	0.69420%	0.66320%
$ 18,089,819	$ 11,582,279	$ 16,652,689	$ 3,178,584	$ (4,094,256)	$ (7,994,107)
$ 47,246,720	$ 44,203,050	$ 45,272,812	$ 43,233,224	$ 41,507,819	$ 39,732,374
38.29%	26.20%	36.78%	7.35%	(9.86%)	(20.12%)
94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY'S CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 7,514,762	$ 6,286,305	$ 5,549,552	$ 4,264,529
Contributions in relation to the contractually required contribution	7,514,762	6,286,305	5,549,552	4,264,529
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 54,013,647	$ 48,681,486	$ 47,890,328	$ 47,383,875
Contributions as a percentage of covered payroll	13.91%	12.91%	11.59%	9.00%

2019	2018	2017	2016	2015	2014
$ 3,588,591	$ 3,841,938	$ 3,525,190	$ 3,104,810	$ 3,041,550	$ 2,924,842
3,588,591	3,841,938	3,525,190	3,104,810	3,041,550	2,924,842
$ -	$ -	$ -	$ -	$ -	$ -
$ 46,005,737	$ 47,246,720	$ 44,203,050	$ 45,272,812	$ 43,233,224	$ 41,507,819
7.80%	8.13%	7.97%	6.86%	7.04%	7.05%

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF NET PENSION ASSET
REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
County's percentage of the net pension asset	1.07341%	1.03322%	1.08257%	1.01215%
County's proportion of the net pension asset	(142,119)	(198,513)	(248,103)	(199,819)
County's covered payroll	$ 98,543	$ 96,573	$ 95,450	$ 83,580
County's proportionate share of the net pension asset as a percentage of its covered payroll	-144.22%	-205.56%	-259.93%	-239.08%
Plan fiduciary net position as a percentage of the total pension asset (1)	139.04%	156.53%	153.31%	153.77%

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

2019	2018	2017	2016	2015	2014
1.12710%	1.12581%	1.15307%	1.09301%	1.05600%	1.11000%
(186,682)	(192,165)	(215,578)	(253,294)	(239,437)	(236,989)
$ 82,394	$ 83,374	$ 78,416	$ 76,112	$ 74,594	$ 72,016
-226.57%	-230.49%	-274.92%	-332.79%	-320.99%	-329.08%
160.17%	197.29%	193.88%	190.50%	188.75%	189.65%

ORANGE COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY'S CONTRIBUTIONS
REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 12,274	$ 11,237	$ 9,819	$ 8,528
Contributions in relation to the contractually required contribution	12,274	11,237	9,819	8,528
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered payroll	$ 101,409	$ 98,543	$ 96,573	$ 95,450
Contributions as a percentage of covered payroll	12.10%	11.40%	10.17%	8.93%

2019		2018		2017		2016		2015		2014	
$	6,519	$	6,229	$	6,103	$	4,573	$	8,746	$	8,625
	6,519		6,229		6,103		4,573		8,746		8,625
$	-	$	-	$	-	$	-	$	-	$	-
$	83,580	$	82,394	$	83,374	$	78,416	$	76,112	$	70,464
	7.80%		7.56%		7.32%		5.83%		11.49%		12.24%

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of some of the provisions of the 2024 Bonds, the Trust Agreement and the Deed of Trust (together, the "Documents"). This summary is not intended to be complete or definitive, and it is qualified in its entirety by reference to the complete Documents. See the section of the Official Statement entitled "**INTRODUCTION -- Additional Information**" for information on obtaining copies of the Documents.

A list of some of the definitions used in the Documents and these summaries (including definitions of the terms "Trust Agreement" and "Deed of Trust") is set out at the end of this Appendix.

THE TRUST AGREEMENT

The Trust Agreement generally provides for the issuance of, and security for, the 2024 Bonds, as well as for the County's repayment obligations and its obligations to care for the Mortgaged Property.

Form, Payment, Redemption and Exchange of Bonds

The Trust Agreement provides for the form of the 2024 Bonds, and for the payment, redemption and exchange of the 2024 Bonds as described in the section of the Official Statement entitled "**THE 2024 BONDS.**"

Additional Bonds

The County may issue Additional Bonds under the conditions and limitations set out in the Trust Agreement to provide funds (a) to expand or improve the Pledged Facilities, (b) to construct further improvements to the Pledged Sites, (c) to refund any Outstanding Bonds, (d) to pay financing costs or establish reserves in connection with the issuance of Additional Bonds, (e) for any other purpose that may be allowed by law from time to time, including the acquisition and construction of additional public facilities, whether or not any additional facility is related to the Pledged Facilities or the Pledged Sites, or (f) for any combination of these purposes.

Any Additional Bonds so issued may be secured by a lien on the Mortgaged Property ranking equally with the lien on that property securing the 2024 Bonds.

Funds and Accounts

The Trust Agreement provides for the creation and the Trustee's custody of several different funds and accounts.

Project Fund. The Trustee will deposit into the "Orange County 2024 Project Fund" created under the Trust Agreement (1) the net proceeds from the sale of the 2024 Bonds and (2) all other amounts specified under the Trust Agreement for deposit in that Fund.

The Trustee will disburse moneys in the Project Fund from time to time, either to pay Project Costs directly or to reimburse the County for previous expenditures for Project Costs, upon receipt by the Trustee of a requisition substantially in the form provided for under the Trust Agreement, or otherwise as directed by the County as permitted by the Trust Agreement. The County need not submit any additional information other than the requisition. The Trustee may rely conclusively on requisitions as authorization for payments, and the Trustee has no duty or responsibility to verify any matters in the requisitions.

When the County determines there are no more 2024 Project Costs to be paid from the 2024 Project Fund, the County will send a County Certificate to that effect to the Trustee. The Trustee will then withdraw all remaining moneys in the 2024 Project Fund and deposit those moneys in a separate account within the Payment Fund. The Trustee will then apply those moneys to Bond payments as directed by a County Representative. In the absence of any direction from the County, the Trustee will deposit those moneys in the Interest Account and use them to pay interest on the 2024 Bonds as the same becomes due.

Payment Fund. The Trust Agreement establishes a Bond Payment Fund, and therein an Interest Account, a Principal Account and a Redemption Account. The Trustee will hold in this Fund (in the appropriate account, as determined under the Trust Agreement) amounts paid to it for use in making payments and redemptions on the Bonds.

Net Proceeds Fund. The Trust Agreement establishes a Net Proceeds Fund. The Trustee will hold Net Proceeds in this Fund that are paid to it pending the use of those Net Proceeds for repair or restoration of the Pledged Facilities or the redemption of Bonds, as provided for in the Trust Agreement.

Security Provisions

County Payments. The County agrees to pay (a) the Bond Payments for the 2024 Bonds set forth in the Trust Agreement (which are designed to be due at times and in amounts sufficient to pay all principal of and interest on the 2024 Bonds and all other Bonds), and (b) all the Additional Payments, in each case except as otherwise provided for in the Trust Agreement.

The County must make its Bond Payments by the 25th day of the month preceding the corresponding Payment Date. The County receives a credit against future Bond Payments for any earnings made from the temporary investment of Bond Payment amounts between the County's payment dates and the corresponding Payment Dates.

No Abatement of Payments. The County is not entitled to any abatement or reduction of the Bond Payments or Additional Payments for any reason, including, but not limited to, any claim arising out of or related to the Pledged Sites or the Pledged Facilities. The County assumes and bears the entire risk of loss and damage to the Pledged Sites and the Pledged Facilities from any cause., unless the County's obligation to make the payments has been terminated as provided in the Trust Agreement.

Appropriation of Payments. The County will cause the officer who prepares the draft County budget initially submitted for County Board consideration to include in the initial proposal each year the amount of all Bond Payments and estimated Additional Payments coming due during the Fiscal Year to which the budget applies. Notwithstanding that the initial proposed budget includes an appropriation for these payments, the County Board may determine not to include the appropriation (in whole or in part) in the final County budget for any Fiscal Year, or may amend an adopted budget to reduce or delete an approved appropriation.

If the County fails to adopt its annual budget in a timely manner, if the County adopts a budget that does not include a full appropriation for Bond Payments and estimated Additional Payments, or if the County amends the annual budget to reduce the amounts appropriated for Bond Payments and Additional Payments below the amounts expected to be required for the remainder of that Fiscal Year, then the County must (a) notify the Trustee and the LGC and (b) make an event filing on the MSRB's "EMMA" continuing disclosure system as provided in the Trust Agreement.

Deed of Trust. The County is executing and delivering the Deed of Trust. The Deed of Trust secures the County's obligations to each of the Owners, on parity with one another, through a security interest in the Mortgaged Property.

Money in funds and accounts. The County grants a security interest, to the Trustee for the benefit of the Owners, in all the funds and accounts held under the Trust Agreement to secure the County's obligations under the Bonds and otherwise under the Trust Agreement. This security interest secures the County's obligations to each of the Owners, on parity with one another.

County's Limited Obligation. The Bonds are payable solely from the amounts paid by the County to the Trustee for the Bond Payments, as, when and if received by the Trustee, except to the extent payable from the proceeds of the Bonds, income from investments, Net Proceeds and other funds and property pledged as provided in the Trust

Agreement, which funds are pledged as provided in the Trust Agreement to secure payment of the Bonds.

Notwithstanding any other provision of the Trust Agreement, the parties intend that the transaction comply with North Carolina General Statutes Section 160A-20. No deficiency judgment may be entered against the County in violation of that Section 160A-20.

No provision of the Trust Agreement is to be interpreted as creating a pledge of the County's faith and credit within the meaning of any constitutional debt limitation. No provision of the Trust Agreement is to be construed or interpreted as an illegal delegation of governmental powers or as an improper donation or lending of the County's credit within the meaning of the North Carolina constitution. The County's taxing power is not and may not be pledged, directly or indirectly or contingently, to secure any moneys due under the Trust Agreement.

No provision of the Trust Agreement is to be interpreted as pledging or creating a lien on any class or source of the County's moneys (other than the Net Proceeds and the funds and accounts established pursuant to the Trust Agreement as provided in the Trust Agreement). No provision of the Trust Agreement restricts the County's future issuance of any of its bonds or other obligations payable from any class or source of the County's moneys, except to the extent the Documents restrict the incurrence of additional obligations secured by the Mortgaged Property.

To the extent of any conflict between these limited obligation provisions and any other provision of the Trust Agreement, the limited obligation provisions take priority.

Care, Use, Maintenance and Other
Provisions Related to the Pledged Facilities

County's Responsibilities for the Pledged Facilities. The County must contract for the Project in accordance with the bidding, bonding, insurance and other requirements of State law. The County must use the Pledged Sites and the Pledged Facilities in a careful and proper manner and keep the Mortgaged Property in good condition, repair, appearance and working order for the purposes intended. The County must pay all charges for utility services furnished to or used on or in connection with the Pledged Sites and the Pledged Facilities. The County bears all risk of loss to and condemnation of the Pledged Sites and the Pledged Facilities. The County is to be solely responsible for the operation of the Pledged Facilities and is not to contract with any other person or entity for the operation of the Pledged Facilities.

School Board's Role. The Trust Agreement recognizes that the County intends to lease a portion of the Pledged Facilities that constitute public school facilities (the "School

Facilities") to the School Board, or may otherwise provide for the School Board's use and operation of the School Facilities. In addition, the County and the School Board may agree that the School Board will assume some of the County's responsibilities under the Trust Agreement, including obligations with respect to entering into and monitoring construction contracts related to the School Facilities and maintaining primary casualty insurance on the School Facilities. The Trust Agreement provides that any such lease or other arrangements between the County and the School Board does not violate any provision of the Trust Agreement, but no such lease or other arrangement in any way reduces the County's responsibilities with respect to the School Facilities under the Trust Agreement.

Repairs and Additions. The County has the right to repair, maintain and remodel the Pledged Facilities or make substitutions, additions, modifications and improvements to the Pledged Facilities, at its own cost and expense. The County may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Pledged Facilities. The County's rights in each of these cases are subject to limitations imposed under the Trust Agreement.

Property Damage Insurance. The County must, at its own expense, acquire, carry and maintain broad-form extended coverage property damage insurance with respect to the Pledged Facilities in an amount equal to the estimated replacement cost. This property damage insurance must include standard mortgagee coverage in favor of the Trustee. The Trust Agreement contains provisions allowing the County the option to provide the required insurance by one or more blanket or umbrella insurance policies or by means of an adequate self-insurance fund or risk-retention program, or by participation in a group risk pool or similar program.

Title. Title to the Pledged Sites and the Pledged Facilities and any and all additions, repairs, replacements or modifications thereto will at all times be in the County, subject to the lien of the Deed of Trust and to the other Permitted Encumbrances.

Taxes and Encumbrances. The County must pay, as Additional Payments, all taxes, assessments and governmental charges levied or assessed against the Mortgaged Property. The County must not permit any mechanic's or other lien to be perfected or remain against the Mortgaged Property, or any portion of the Mortgaged Property. The Trust Agreement includes certain exceptions to these requirements, especially with respect to the County's right to contest any taxes or liens and to make payments in installments as allowed by law.

Damage, Destruction and Condemnation; Use of Net Proceeds

Damage, Destruction or Condemnation. The County will promptly notify the Trustee if (a) the Mortgaged Property or any portion thereof is destroyed or damaged by fire or other casualty, (b) any governmental authority takes, or notifies the County of any intent to take, title to, or the temporary or permanent use of the Mortgaged Property or any portion thereof, or the estate of the County or the Trustee in the Mortgaged Property, or any portion thereof, under the power of eminent domain, (c) a material defect in the construction of the Pledged Facilities becomes apparent, or (d) title to or the use of all or any portion of the Mortgaged Property is lost by reason of a defect in title. Each notice must describe generally the nature and extent of the damage, destruction or taking.

The County must file its claims under insurance coverages and claims for awards or payments in the nature of condemnation awards resulting from any damage, destruction or taking. The County must prosecute all claims for awards or payments in good faith and with due diligence. Any Net Proceeds received by the County as a result of these claims must be used as described below and as provided in the Trust Agreement.

Deposit and Use of Net **Proceeds.**

If the amount of Net Proceeds received by the County from any single event or any single series of related events is less than $1,000,000, then the County has no obligation to account to the Trustee or any other person or entity with respect to the use of the Net Proceeds. The County's use of these funds may be limited by provisions of the Code and by the County's other covenants in the Trust Agreement.

If the amount of Net Proceeds received by the County from any single event or any single series of related events is at least $1,000,000, the County must cause the Net Proceeds to be paid to the Trustee for deposit and application as provided in the Trust Agreement.

Use of Net Proceeds Deposited with Trustee. The County may elect to use Net Proceeds deposited with the Trustee, and other funds provided by the County, to redeem or defease Bonds pursuant to the Trust Agreement.

Nothing in the Trust Agreement, however, creates an option in the County or any other party to provide for the early payment of Bonds other than pursuant to the regular optional and the stated mandatory sinking fund redemption provisions; there are no redemption provisions triggered by any casualty or other event giving rise to Net Proceeds.

The County may also elect to use Net Proceeds deposited with the Trustee to repair or restore that portion of the Pledged Facilities with respect to which the Net Proceeds relate. The County must act with due diligence and in a commercially reasonable manner to provide for the repair and restoration.

In the case of Net Proceeds used to repair or restore the Mortgaged Property, the County will not be entitled to any reimbursement of any funds so paid, nor will the County be entitled to any postponement or diminution of its obligation to make Bond Payments as a result of any such contribution. Any repair or replacement paid for in whole or in part out of such Net Proceeds will be the County's property and will be part of the Mortgaged Property.

Tax Covenants

The County covenants that it will not take or permit, or omit to take or cause to be taken, any action that would cause the Series 2024A Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Code. The County also covenants that if it should take or permit, or omit to take or cause to be taken, any such action, then the County will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge of the effect of such actions.

Environmental Undertakings

In the Trust Agreement, the County states as follows:

(a) The County has no knowledge (i) that any industrial use has been made of the Mortgaged Property, (ii) that the Mortgaged Property has been used for the storage, treatment or disposal of any "Hazardous Materials," as defined below, (iii) that any manufacturing, landfilling or chemical production has occurred on the Mortgaged Property, or (iv) that there is any asbestos or other contaminant on, in or under the Mortgaged Property.

(b) To the County's knowledge, the Mortgaged Property complies with all federal, State and local environmental laws and regulations. The County will keep the Mortgaged Property, and the activities at the Mortgaged Property, in compliance with all environmental laws, rules, and regulations. The County will, in a timely manner, take all lawful action necessary to maintain compliance or to remedy any lack of compliance.

(c) The County will use and maintain Hazardous Materials on the Mortgaged Property only for the routine maintenance and operation of the Mortgaged Property. The County will maintain these Hazardous Materials only in appropriate quantities for these purposes and will use them only in substantial compliance with label instructions and all State and federal environmental laws, rules and regulations. The County will not use the Mortgaged Property (A) for the manufacture, transport, process, storage, treatment or disposal of Hazardous Materials, or (B) for any industrial, manufacturing or landfilling use or for any chemical production.

In the Trust Agreement, “Hazardous Materials” means any chemicals, materials, substances, wastes or other substances that are classified and regulated by any federal, State or local laws as hazardous or toxic substances.

The Trustee

Rights and Duties. If an Event of Default is continuing, the Trustee must exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs.

Otherwise, the Trustee need perform only those duties that are specifically set forth in the Trust Agreement and no other.

The Trustee will not be liable with respect to any information contained in any offering documents (except to the extent of information about the Trustee provided by the Trustee specifically for inclusion in the offering document). The Trustee has no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

No provision of the Trust Agreement requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense, except that the Trustee may not require indemnity as a condition to declaring the principal and interest with respect to the Bonds to be due immediately as required in the Trust Agreement. No permissive right of the Trustee in the Trust Agreement should be construed as a duty.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under the Trust Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, it being understood that the Trustee shall in all cases use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

Eligibility. The County must maintain a Trustee for the Trust Agreement that is a corporation authorized to exercise corporate trust powers, has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition, and otherwise meets the requirements set out in the Trust Agreement.

Resignation; Removal; Replacement. The Trustee may resign at any time by delivering notice of its resignation to the County at least 30 days prior to the effective date of the resignation. The County may remove the Trustee at any time by notifying the removed Trustee at least 30 days prior to the effective date of the removal, so long as no Event of Default is continuing at the time the County sends the notice. The Majority Owners may remove the Trustee at any time by notifying the County and the removed Trustee at least 30 days prior to the effective date of the removal, and may at the same time (or at any time during the 30-day notice period) appoint a new Trustee by notice to the County and the removed Trustee.

If the Trustee resigns or is removed or if a vacancy otherwise exists in the office of Trustee for any reason, the County must promptly appoint a successor Trustee (except when that right is exercised by the Majority Owners as described in the preceding paragraph). If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the County or the Majority Owners may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Consent to Jurisdiction. The Trustee consents to jurisdiction in the State for any lawsuit arising from the Trust Agreement, or from the related transactions contemplated by the Trust Agreement or the Bonds.

Defaults and Remedies under Trust Agreement

Events of Default. An "Event of Default" under the Trust Agreement is any of the following:

(a) Default in the payment of the principal of any Bond when the same becomes due and payable, whether at the stated maturity of the Bond or upon proceedings for mandatory (but not optional) redemption.

(b) Default in the payment of any interest on any Bond when the same becomes due and payable.

(c) The occurrence of an Event of Nonappropriation.

(d) The County breaches or fails to perform or observe any term, condition or covenant of the Documents on its part to be observed or performed, other than as referred to in the preceding subsections, including payment of any Additional Payment, for a period of 90 days after written notice specifying the failure and requesting that it be remedied has been given to the County by any person or entity, unless the Trustee agrees in writing to an extension of the 90-day period prior to its expiration; provided, however, that if the failure stated in the notice cannot reasonably be corrected within the notice period and the County institutes corrective action within the notice period, no Event of Default will be deemed to have occurred so long as the County diligently pursues remedial action.

(e) Any warranty, representation or statement made by the County in the Documents is found to be incorrect or misleading in any material respect as of the date on which the Trust Agreement is first executed and delivered by the parties and the 2024 Bonds are delivered to their initial purchaser.

(f) Any lien, charge or encumbrance (other than Permitted Encumbrances) prior to or affecting the validity of the Deed of Trust is found to exist, or proceedings are instituted to enforce any lien, charge or encumbrance against the Mortgaged Property and such lien, charge or encumbrance would be prior to the lien of the Deed of Trust.

Acceleration. If any Event of Default is continuing, then (a) the Trustee, by notice to the County, or (b) the Majority Owners, by notice to the County and the Trustee, may declare the principal of and accrued interest on the Bonds to be due and payable immediately, and such principal and interest thereupon will become immediately due and payable. The Trustee must immediately give notice of any acceleration to all Owners. The Trustee may rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, if the rescission would not conflict with any judgment or decree.

Other Remedies. If an Event of Default is continuing, the Trustee may pursue any remedy at law or in equity to collect the principal of or interest on the Bonds or to enforce the performance of any provision of the Documents, including by foreclosure on the Mortgaged Property pursuant to the Deed of Trust.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Owner in exercising any right or remedy accruing upon an Event of Default does not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Waiver of Past Defaults. The Majority Owners, by notice to the Trustee, may waive an existing Event of Default and its consequences. When an Event of Default is waived, it is cured and stops continuing, but no waiver extends to any subsequent or other Event of Default or impair any right consequent to it.

Majority's Control. The Majority Owners, upon satisfactory indemnification of the Trustee, may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that it reasonably believes conflicts with law or the Trust Agreement or, subject to the provisions of the Trust Agreement, that the Trustee determines is unduly prejudicial to the rights of other Owners or would involve the Trustee in personal liability.

Limitation on Suits. An Owner may not pursue any remedy with respect to the Trust Agreement or the Bonds (except as otherwise described in the following paragraph) unless (a) the Owner gives the Trustee notice stating that an Event of Default is continuing, (b) the Majority Owners make a written request to the Trustee to pursue the remedy, (c) that Owner or Owners offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense, and (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity. An Owner may not use the Trust Agreement to prejudice the rights of another Owner or to obtain a preference or priority over the other Owners.

Rights To Receive Payment. The Trust Agreement preserves the right of any Owner to receive payment of principal, premium, if any, and interest with respect to a Bond, on or after the due dates expressed in the Bond, or to bring suit for the enforcement of any such payment on or after such dates. These rights of an Owner may not be impaired under the Trust Agreement without that Owner's consent.

Collection Suit by Trustee. If an Event of Default is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the County for the whole amount remaining unpaid.

Trustee May File Proofs of Claim. The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable to have the claims of the Trustee and the Owners allowed in any judicial proceedings relative to the County, its creditors or its property. Unless prohibited by law or applicable regulations, the Trustee may vote on behalf of the Owners in any election of a trustee in bankruptcy or other person performing similar functions.

Priorities. If the Trustee collects any money pursuant to a collection or enforcement action, it must deposit that money in a special account in the Payment Fund and pay out that money in the following order:

(a) If the principal of all Bonds has not become or will not be declared due and payable, all those moneys in the Payment Fund will be applied as follows:

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and of the Owners in declaring the Event of Default and pursuing remedies;

Second, Interest: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments (beginning with the earliest unpaid installment). If the amount available is not sufficient to pay in full any installment or installments coming due on the same date, then payment will be made ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal of any Bonds which have become due, whether at maturity or by call for redemption, in the order of their due dates (beginning with the earliest unpaid installment), with interest on the overdue principal at a rate equal to the rate paid on the Bonds. If the amount available is not sufficient to pay in full all of the amounts due on the Bonds on any date, together with the required interest, then payment will be made ratably, according to the amounts of principal due on that date to the persons entitled thereto, without any discrimination or preference.

(b) If the principal with respect to all Bonds has become or has been declared due and payable, all the money will be applied (i) first to pay the fees and expenses as described above, and then (ii) to pay the principal and interest then due on the Bonds, without preference or priority of principal or interest, 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.

The Trustee may fix a payment date for any payment to the Owners under the provisions described above.

Undertaking for Costs. In any suit for the enforcement of any right or remedy under the Trust Agreement or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable legal fees, against any party, having due regard to the merits and good faith of the claims or defenses made by the party. This paragraph, however, does not apply to a suit by the Trustee or any authorized suit by any Owner.

Discharge of the Trust Agreement

Any Bond will be deemed paid for all purposes of the Trust Agreement when (a) payment of the principal, premium, if any, and interest on that Bond to the due date of those amounts (whether at maturity, upon redemption or otherwise) either (i) has been made in accordance with the terms of the Bonds or (ii) has been provided for by irrevocably depositing with the Trustee or other fiduciary in escrow (A) cash sufficient to make the payments or (B) Federal Securities maturing as to principal and interest in amounts and at times as will ensure, without reinvestment, the availability of sufficient moneys to make those payments, and which are not subject to redemption or purchase prior to maturity at the option of anyone other than the holder, and (b) all the Trustee’s compensation and expenses have been paid or provided for to the Trustee's satisfaction.

The sufficiency of the deposit referenced above must be evidenced or verified by a certificate or other writing, in form and substance satisfactory to the Trustee, of a person or entity experienced in making these calculations as the County may select.

When a Bond is deemed paid as a result of a deposit made as described above, it is no longer secured by or entitled to the benefits of the Trust Agreement, and all rights to payment of those Bonds will be limited to payment from moneys or Federal Securities deposited. Those Bonds, however, may still be transferred, exchanged, registered or replaced as provided in the Trust Agreement, and still represent installment contracts and obligations of the County payable from that special fund.

Notwithstanding the foregoing, the County may make no deposit under clause (a)(ii) above until the County has furnished the Trustee an Opinion of Bond Counsel to the effect that the deposit of such cash or Federal Securities will not cause the Bonds to become "arbitrage bonds" within the meaning of the Code, if the interest on those Bonds is intended to be not included in gross income for federal income tax purposes. within the meaning of the Code. Also, if a Bond is to be prepaid prior to maturity, notice of redemption of the Bond must be given in accordance with the Trust Agreement for the deposit to be deemed a payment of that Bond. If the Bond is not to be paid or prepaid within the next 60 days, however, the County must give the Trustee, in form satisfactory to the Trustee, irrevocable instructions (A) to provide notice, as soon as practicable, in accordance with the Trust Agreement, that the deposit required by (a)(ii) above has been made with the Trustee, that the Bond is deemed to be paid under the Trust Agreement and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal with respect to the Bond, and (B) to give notice of redemption not less than 30 nor more than 60 days prior to the redemption date for such Bond as provided in the Trust Agreement.

When all Outstanding Bonds are deemed paid under the Trust Agreement, the Trustee will, upon the County’s request, acknowledge the discharge of the lien of the Trust Agreement and repay any excess amounts remaining on deposit in the Funds established under the Trust Agreement to the County.

No deposit must be made or accepted, and no use made of any deposit, that would cause any Bonds to be treated as "arbitrage bonds" within the meaning of the Code if the interest on that Bond is intended to be not included in gross income for federal income tax purposes.

Investments

Subject to the provisions of the Trust Agreement, the Trustee is to invest and reinvest moneys held by it under the Trust Agreement upon the County's written direction in Investment Obligations that are Legal Investments. If the County does not provide the Trustee with written direction as to any investment or reinvestment, the Trustee will invest or reinvest those moneys in the North Carolina Capital Management Trust (or its successor).

The Trustee may purchase or sell, to itself or to any affiliate, as principal or agent, investments of funds held under the Trust Agreement. The Trustee may act as purchaser or agent in the making or disposing of any investment and may make any investment through its bond or investment department.

The Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made in accordance with the Trust Agreement. The Trustee has no obligation or responsibility with respect to whether any particular investment is a Legal Investment or an Investment Obligation.

Amendments of and Supplements to Trust Agreement, Bonds, Trust Agreement or Deed of Trust

Without Owners' Consent. The County and the Trustee may amend or supplement the Trust Agreement, any Bonds or the Deed of Trust without notice to or consent of any Owner for any of the following purposes, or for any combination of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission

(b) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority

(c) to subject to the Trust Agreement additional collateral or to add other agreements of the County, including the addition of real estate or other collateral to be subject to the lien of the Trust Agreement or the Deed of Trust

(d) to permit the qualification of the Trust Agreement under any federal or state statute, whenever enacted, and, in that connection, to add to the Trust Agreement or any other supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by the federal or state statute

(e) to provide for the issuance of Additional Bonds as otherwise permitted by the Trust Agreement

(f) to provide for Bonds to be issued or exchanged for Bonds in any other form or format at that time permitted by law

(g) to evidence the succession of a new Trustee, or to provide for the appointment and operation of a Bond registrar separate from the Trustee

(h) to make any other change that does not materially adversely affect the rights of any Owner

The Trustee may conclusively rely on a County Certificate to the effect that a proffered amendment or supplement is within the scope of the provisions summarized above.

At least five Business Days prior to its execution of any supplemental agreement or instrument for any of the purposes described above, the Trustee will provide for a notice of the proposed agreement or instrument to be mailed first-class, postage prepaid, to the LGC and to all Owners of Bonds. The notice must briefly set forth the nature of the proposed agreement or instrument, or include a copy of the amendment or supplement, and state that copies of the proposed agreement or instrument are available to all Owners of Bonds upon written request to the County or the Trustee at addresses set forth in the notice. Any failure on the Trustee's part to mail a required notice, however, will not affect the validity of any agreement or instrument

With Owners' Consent. (a) If the Trust Agreement does not permit an amendment of or supplement to the Documents without any consent of Owners, the County and the Trustee may enter into that amendment or supplement only with the consent of the Majority Owners. The Trust Agreement provide procedures to be followed to obtain and determine the qualifying consent of Owners.

(b) Without the consent of each Owner affected, however, no amendment or supplement to the Documents may (i) extend the maturity of the principal of or interest on any Bond, (ii) reduce the principal amount of, or rate of interest on, any Bond, (iii) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) reduce the percentage of the principal amount of the Bonds required for consent to any amendment or supplement, (v) intentionally impair any exclusion of interest on the Bonds from the federal gross income of the Owner of any Bond to which that interest was intended to be entitled, (vi) change any redemption terms of those Bonds, (vii) create a lien ranking prior to or on a parity with the lien of the Trust Agreement on the property pledged under the Trust Agreement (except with respect to a parity pledge for the benefit of the Owners of Additional Bonds), or (viii) deprive any Owner of the lien created by the Trust Agreement on any property.

In addition, if moneys or Federal Securities have been deposited or set aside with the Trustee pursuant to the Trust Agreement for the payment of Bonds and those Bonds have not in fact actually been paid in full, no amendment to the provisions of that Article may be made without the consent of the Owner of each Bond affected.

LGC's Consent Required. No amendment or supplement to the Documents will become effective unless the LGC delivers to the County and the Trustee its prior written consent to the amendment or supplement.

THE DEED OF TRUST

Grant of Security Interest in Pledged Facilities, Pledged Sites and Fixtures

In the Deed of Trust, the County grants a security interest in the Mortgaged Property, including the Pledged Facilities, the Pledged Sites, and the Fixtures (subject to encumbrances identified in the Deed of Trust) to secure (a) the County's performance of its obligations under the Documents and any Additional Bonds executed and delivered pursuant to the Trust Agreement and (b) to secure the County's timely and full compliance with all terms, covenants and conditions of the Documents and any Additional Bonds. The Deed of Trust secures the County's obligations to each of the Owners, on parity with one another.

Present and Future Advances

The Deed of Trust secures all the County's present and future obligations to the Trustee related to amounts advanced to the County or owed by the County under the Documents and any Additional Bonds. The making of future advances is subject to the terms and conditions of the Trust Agreement and the Deed of Trust.

The total amount, including present and future obligations, that may be secured by the Deed of Trust at any one time is $200,000,000. The period within which future obligations may be incurred is 30 years from June 1, 2021. As of the date of the Deed of Trust, there is no agreement or obligation by the County to borrow, or for any person to lend, any additional funds beyond the amounts related to the 2024 Bonds.

No Transfers; Provision for Releases, Grants of Easements

The County shall not sell, transfer or encumber any interest in any Mortgaged Property, except as otherwise permitted by the Trust Agreement or the Deed of Trust. This prohibition applies whether the sale, transfer, or encumbrance is of a legal or an equitable interest, is voluntary, involuntary, by operation of law, or otherwise, and includes any encumbrance that is not a Permitted Encumbrance. The Trustee may take any action it deems appropriate to prevent or rescind any unauthorized sale, transfer or encumbrance.

The Trustee is required, upon the County's direction and at any time, to execute and deliver all documents necessary to effect the release of all or a portion of the Mortgaged Property from the lien of the Deed of Trust upon the County's compliance with the requirements of the Deed of Trust. No consent or acknowledgment by the Deed of Trust Trustee is required for any release under the Deed of Trust.

To obtain a release, the County must file with the Trustee a County Certificate (1) stating that (A) no Event of Default is continuing, (B) the release will not materially impair the intended use of the property remaining subject to the Deed of Trust, and (C) the release complies with the requirements of the Deed of Trust, (2) providing a copy of the proposed instrument of release, (3) directing the execution and delivery of the instrument, and (4) providing evidence of compliance with (a) or (b) below. The Trustee may not release property pursuant to the Deed of Trust during the continuation of an Event of Default.

(a) In the case of a proposed release of all the Mortgaged Property, the County must pay to the Trustee, or to some other fiduciary reasonably acceptable to the Trustee, an amount (i) that is sufficient to provide for the payment in full of all Bonds Outstanding and any other Obligations and (ii) that is required to be used for that payment.

(b) In the case of a proposed release of a portion (but less than all) of the Mortgaged Property, the County must provide evidence to the Trustee that the appraised, taxable or insured value (and the County may provide different evidence for different portions) of that portion of the Mortgaged Property that is proposed to remain subject to the lien of the Deed of Trust will not be less than 50% of the aggregate principal component of the Bonds Outstanding when the release is effected.

In addition to the provisions for release described above, the County may from time-to-time grant easements, licenses, rights-of-way and other similar rights with respect to any part of the Mortgaged Property, and the County may release similar interests, with or without consideration. The County may also dispose of any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary Fixture, subject to certain limitations and conditions on disposition set out in the Deed of Trust (in each case, so long as the grant or disposition will not materially impair the intended use of the Pledged Facilities).

Advances for Performance of County's Obligations.

If the County fails to perform any of its obligations under the Documents or any Additional Bonds, then the Trustee and the Deed of Trust Trustee are authorized, but not obligated, to perform the obligation or cause it to be performed. The County's repayment of all those amounts, together with interest at the annual rate of 4.00% (calculated on the basis of a 360-day year consisting of twelve 30-day months), is secured as an Obligation under the Deed of Trust.

Substitute Trustees

If any Deed of Trust Trustee dies, becomes incapable of acting or renounces the trust, or if for any reason the Trustee desires to replace any Deed of Trust Trustee, then the Trustee has the unqualified right to appoint one or more substitute or successor Deed of Trust Trustees. The Trustee may make any removal or appointment at any time without notice, without specifying any reason, and without any court approval. Any appointee becomes vested with title to the Mortgaged Property and with all rights, powers and duties conferred upon the Deed of Trust Trustee by the Deed of Trust in the same manner and to the same effect as if that Deed of Trust Trustee had been named as the original Deed of Trust Trustee.

Defaults and Remedies; Foreclosure

Defaults and Remedies. During the continuation of an Event of Default, the Trustee may pursue its rights and remedies as provided under the Trust Agreement and the Deed of Trust.

Foreclosure; Sale under Power of Sale.

Right to foreclosure or sale. During the continuation of an Event of Default, at the Trustee's request, the Deed of Trust Trustee must foreclose the Deed of Trust by judicial proceedings or, at the Trustee's option, the Deed of Trust Trustee must sell (and is empowered to sell) all or any part of the Mortgaged Property at public sale to the last and highest bidder for cash (free of any equity of redemption or other exemption, all of which the County in the Deed of Trust expressly waives to the extent permitted by law) after compliance with applicable State laws relating to foreclosure sales under power of sale. The Deed of Trust Trustee will execute and deliver a proper deed or deeds to the successful purchaser at any sale. If only a part of the Mortgaged Property is sold, the partial sale in no way adversely affects the lien created by the Deed of Trust against the remainder.

Trustee's Bid. The Trustee may bid and become the purchaser at any sale under the Deed of Trust. Instead of paying cash, the Trustee may make settlement for the purchase price by crediting against the Obligations the bid price net of sale expenses, including the Deed of Trust Trustee's commission, and after payment of any taxes and assessments as may be a lien on the Mortgaged Property superior to the lien of the Deed of Trust (unless the Mortgaged Property is sold subject to those liens and assessments, as provided by law).

County's Bid. The County may bid for all or any part of the Mortgaged Property at any foreclosure sale. The County, however, may not bid less than an amount sufficient to provide for full payment of the Obligations, unless the Trustee consents in writing.

Successful bidder's deposit. At any sale, the Deed of Trust Trustee may, at its option, require any successful bidder (other than the Trustee) immediately to make a deposit with the Deed of Trust Trustee against the successful bid in the form of cash or a certified check in an amount of up to 5% of the sale price. The advertised notice of sale need not include notice of this requirement.

Application of sale proceeds. The Deed of Trust Trustee must apply the proceeds of any foreclosure sale as prescribed by State law. The expenses of any sale will include a commission to the Deed of Trust Trustee equal to one-half of one percent of the gross sales price for all services performed by the Deed of Trust Trustee under the Deed of Trust. Any sale proceeds remaining after the payment of all Obligations and the prior application of the remaining proceeds in accordance with State law will be paid to the County.

Possession of Mortgaged Property. During the continuation of an Event of Default, upon the Trustee's demand the County must deliver possession of the Mortgaged Property to the Trustee. In addition, the County must surrender possession of the Mortgaged Property to the purchaser of the Mortgaged Property at any judicial or foreclosure sale under the Deed of Trust.

During the continuation of an Event of Default, the Trustee, to the extent permitted by law, is also authorized to (a) take possession of the Mortgaged Property, with or without legal action, (b) lease the Mortgaged Property, (c) collect all rents and profits from the Mortgaged Property, with or without taking possession of the Mortgaged Property, and (d) after deducting all collection costs and administration expenses, apply the net rents and profits to the payment of necessary maintenance and insurance costs, and then apply all remaining amounts to the County's account and in reduction of the Obligations.

The Trustee will be liable to account only for rents and profits it receives. The Trustee may take any action permitted under this provision with respect to all or any portion of the Mortgaged Property, as it may elect.

DEFINITIONS

The following are definitions of certain terms used in the Trust Agreement and the Deed of Trust.

"2024 Bonds" means the Bonds now issued pursuant to the Trust Agreement as described in this Official Statement.

"2024 Project" means the Project described in the Trust Agreement, and generally means the County's acquisition, construction, and equipping of various County assets and improvements, all as further described in the section of this Official Statement entitled **"THE PLAN OF FINANCE."**

"2024 Project Costs" means all costs of the design, planning, constructing, acquiring, installing, equipping and generally carrying-out of the Project, all as determined in accordance with generally accepted accounting principles and that will not adversely affect the exclusion from gross income for federal income tax purposes of interest on Bonds to which it is intended that interest will be entitled. "2024 Project Costs" include (a) sums required to reimburse the County or its agents for advances made for any costs otherwise described in this definition, (b) interest during the period of acquisition and construction of improvements and for up to six months thereafter, and (c) all Financing Costs.

"Additional Bonds" means any Bonds delivered pursuant to the Trust Agreement after the initial delivery of the 2024 Bonds.

"Additional Payments" means the Trustee's reasonable and customary fees and expenses, any of the Trustee's expenses (including legal fees, costs and expenses) in prosecuting or defending any action or proceeding in connection with the Documents, or any other amounts payable by the County as a result of its covenants under the Documents (together with interest that may accrue on any of the above if the County fails to pay the same, as set forth in the Trust Agreement and the Deed of Trust).

"Bond Counsel" means any attorney or firm of attorneys nationally recognized on the subject of local government obligations as the County may select from time to time.

"Bond Payments" means all amounts payable by the County pursuant to the Trust Agreement for the payment of principal, interest or redemption premium (as applicable) on Bonds.

"Bonds" means, together, the Prior Bonds, the 2024 Bonds and all Additional Bonds.

"Business Day" means any day (a) other than a day on which banks in New York, New York, or the city to which notices to the Trustee under the Trust Agreement are to be sent, are required or authorized to close, and (b) on which the New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended, as applicable to the Bonds.

"Contract Payments" means all Bond Payments and Additional Payments.

"County Board" means the County's governing board as from time to time constituted.

“County Certificate” mean any written document (in whatever form, however designated) executed and delivered by a County Representative.

"County Representative" means the County Manager, the County’s statutory finance officer, or any other person or persons at the time designated, by a written certificate furnished to the Trustee and signed on the County's behalf by the County Manager or the presiding officer of the County Board to act on the County's behalf (or to perform any specified act) under the Trust Agreement.

“Deed of Trust” means the Prior Deed of Trust as modified by the “Deed of Trust Supplement #2” dated as of June 1, 2024, also granted by the County for the Trustee’s benefit.

“Deed of Trust Trustee” means the person or entity serving in that capacity under the Deed of Trust from time to time.

“Documents” means, as a group, the Trust Agreement, the Bonds and the Deed of Trust.

“Event of Default” has the meaning set forth in the Trust Agreement. See the section in these summaries above captioned “THE TRUST AGREEMENT -- Default and Remedies under Trust Agreement – Events of Default.”

"Event of Nonappropriation" means a failure or refusal by the County Board to include funds for Contract Payments in the County’s budget for any Fiscal Year, or any reduction or elimination of an appropriation for Contract Payments, all as further described under the Trust Agreement.

"Federal Securities" means, to the extent the same are Legal Investments, (a) direct obligations of the United States of America for which its full faith and credit are pledged, or (b) securities or obligations evidencing direct ownership interests in specified portions (principal or interest) of obligations described in (a), and expressly includes obligations stripped by the United States Treasury itself.

“Financing Costs” means all professional and administrative costs related to the authorization and execution and delivery of the Bonds, including printing and publication costs and legal, accounting, advisory and other fees and expenses. Financing Costs are a subset of Project Costs.

"Fiscal Year" means the County's fiscal year beginning July 1, or such other fiscal year as the County may later lawfully establish, and also includes the period between the original issuance date of the 2024 Bonds and June 30, 2024.

The “Fixtures” are all items of personal property attached or affixed to the Pledged Facilities in such a manner that removing the items would cause damage to the Pledged

Facilities. The Fixtures may include plumbing, heating, lighting, electrical, laundry, ventilating, refrigerating, incinerating, air-conditioning, fire and theft protection and sprinkler equipment, and include all renewals and replacements and all additions, and all articles in substitution of any such property, and all proceeds of all the foregoing in whatever form.

"Legal Investments" means all investments as are legal investments for the County's funds, as determined at the time of investment, and “Investment Obligations” means the securities purchased as Legal Investments and held under the Trust Agreement.

“LGC” means the North Carolina Local Government Commission, or any successor to its functions.

“Majority Owners” means, as of any date, the Owners of at least a majority in principal amount of the Bonds then Outstanding.

"Mortgaged Property" has the meaning assigned in the Deed of Trust, and generally includes the Pledged Sites and the Pledged Facilities.

"Net Proceeds" means all payments and proceeds derived from (a) claims made on account of insurance coverages required under the Trust Agreement, (b) claims or payments made on any bonds or insurance policies required of contractors under the Trust Agreement, (c) any exercise of condemnation or eminent domain authority related to all or any portion of the Mortgaged Property, (d) proceeds of title insurance related to the Mortgaged Property, or (e) any sale of any portion of the Mortgaged Property, as well as all judgments, settlements or other payments in lieu of any of the foregoing, but in any case reduced by the sum of all amounts (including legal fees, costs and expenses) expended by the County or the Trustee (i) to collect those gross proceeds or (ii) to remedy the event giving rise to the proceeds, all of which amounts will be paid or reimbursed from the gross proceeds.

“Obligations” has the meaning assigned in the Deed of Trust and generally means the Bond Payments, the Additional Payments and any other amounts payable by the County under the Trust Agreement or the Deed of Trust.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

"Outstanding," when used with reference to Bonds, or "Bonds Outstanding," means all Bonds that have been authenticated and delivered by the Trustee under the Trust Agreement and not yet paid, except the following:

(a) Bonds canceled or purchased by or delivered to the Trustee for cancellation;

(b) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which, including interest accrued to the due date, the Trustee holds sufficient moneys;

(c) Bonds deemed paid in accordance with the defeasance provisions of the Trust Agreement; and

(d) Bonds in lieu of which others have been authenticated under the provisions of the Trust Agreement relating to registration and exchange of Bonds or relating to mutilated, lost, stolen, destroyed or undelivered Bonds.

"Owner," when used with reference to a Bond, means the person in whose name that Bond is registered on the registration books maintained by the Trustee.

“Payment Dates” with respect to the 2024 Bonds means each April 1 and October 1, beginning October 1, 2024.

“Permitted Encumbrances” means, as of any particular time, (a) the encumbrances on the County’s title to the Mortgaged Property that are stated on Exhibit B, (b) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to the Modified Deed of Trust, (c) the Modified Deed of Trust, (d) any lien or encumbrance which is made by its terms expressly subordinate to the lien of the Modified Deed of Trust, including leases of Mortgaged Property made by the County, as lessor, to other units of State or local government, (e) easements and rights-of-way granted by the County pursuant to the Modified Deed of Trust, and (f) encumbrances on the County’s title to property that may be added in the future to the definition of the Mortgaged Property existing at the time the property becomes part of the Mortgaged Property.

“Pledged Facilities” means the real property that is pledged under the Deed of Trust to secure the County’s Obligations. See the section “THE PLAN OF FINANCE –The Mortgaged Property” in this Official Statement.

“Pledged Sites” has the meaning ascribed to that term in the Deed of Trust, and generally includes the real property upon which the Pledged Facilities are located.

“Prior Agreement” means the Trust Agreement dated as of June 1, 2021, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee, as supplemented by a First Supplemental Trust Agreement dated as of June 13, 2023, also between the County and the Trustee.

“Prior Bonds” means the following bonds issued pursuant to the Prior Agreement:

$12,585,000 original aggregate principal amount Limited Obligation Bonds, Series 2021A and 2021B

$14,298,000 original aggregate principal amount Limited Obligation Bonds, Series 2023A and 2023B

"Prior Deed of Trust" means the Deed of Trust and Security Agreement dated as of June 1, 2021, from the County to a Deed of Trust Trustee for the County's benefit, as supplemented by a Deed of Trust Supplement #1 dated as of June 13, 2023.

"Project Fund" means the Orange County 2024 Project Fund established pursuant to the Trust Agreement and n particular under the Second Supplemental Agreement."

"School Board" means, as the context may indicate, The Orange County Board of Education or The Board of Education for the Chapel Hill – Carrboro City Schools.

"State" means the State of North Carolina.

"Second Supplemental Agreement" means the Second Supplemental Trust Agreement dated as of June 1, 2024, between the County and the Trustee, which provides for the issuance of and security for the 2024 Bonds, as it may be properly amended or supplemented from time to time.

"Trust Agreement" means the Prior Agreement as modified and supplemented by this Supplemental Agreement, as it may be further amended or supplemented from time to time.

"Trustee" means the bank or trust company from time to time serving as trustee under the Trust Agreement, whether the original or a successor Trustee.

APPENDIX D

FORMS OF OPINIONS OF BOND COUNSEL

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SanfordHolshouser

209 Lloyd Street, Suite 350 | Carrboro, NC 27510
www.shlawgroup.com

[Proposed form of bond counsel opinion on tax-exempt Series 2024A Bonds]

June ___, 2024

Orange County, North Carolina

$9,800,000
Orange County, North Carolina
Limited Obligation Bonds, Series 2024A

We have acted as bond counsel to Orange County, North Carolina (the "County"), in connection with the County's issuance today of the above-captioned bonds (the "Bonds") and the County's execution and delivery today of the following documents:

(a) A Second Supplemental Trust Agreement dated as of June 1, 2024 (the "Supplemental Trust Agreement"), between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

(b) A Deed of Trust Supplement #2 dated as of June 1, 2024, given by the County to a deed of trust trustee (the "Deed of Trust Trustee") for the Trustee's benefit.

The County is and has been our only client in this transaction.

We have examined the applicable law and certified copies of proceedings and documents relating to this execution and delivery.

Reference is made to the Bonds and the Official Statement dated June 6, 2024 (the

"Official Statement"), related to the offering of the Bonds, for additional information concerning the details of the Bonds, their payment and redemption provisions, their purposes and the proceedings pursuant to which they are executed and delivered.

Without undertaking to verify the same by independent investigation, we have relied on representations and certifications by representatives of the County, the North Carolina Local Government Commission and others as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The County has made certain covenants (the "Covenants") to comply with the provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds made available to the County from the Bonds and the timely payment to the United States of any arbitrage rebate required under the Code, all as set forth in the proceedings and documents providing for the authorization, execution and delivery of the Supplemental Trust Agreement and the Bonds.

We have assumed the capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies or specimens.

Based on the foregoing, as of today and under existing law, we are of the following opinions:

1. The County has duly authorized, executed and delivered the Supplemental Trust Agreement. The Supplemental Trust Agreement amends and supplements the Trust Agreement dated as of June 1, 2021, between the County and the Trustee, as previously supplemented (all together, the “Amended Trust Agreement”). The Amended Trust Agreement is a legal, valid and binding obligation of the County, enforceable against the County in accordance with its terms.

2. The County has duly authorized, executed and delivered Deed of Trust Supplement #2. Deed of Trust Supplement #2 modifies and supplements the Deed of Trust and Security Agreement dated as of June 1, 2021, given by the County for the

Trustee's benefit, as previously supplemented (all together, the "Modified Deed of Trust"). The Modified Deed of Trust is a legal, valid and binding obligation of the County, enforceable against the County by the Trustee and the Deed of Trust Trustee in accordance with its terms

3. The County has duly authorized, executed and delivered the Bonds. The Bonds are legal, valid and binding obligations of the County, enforceable against the County in accordance with their terms. The Bonds are secured as provided in the Amended Trust Agreement and the Modified Deed of Trust and have been duly issued as "Additional Bonds" under the Amended Trust Agreement.

Our opinions as set forth in paragraphs 1, 2 and 3 above are subject to the effect (a) of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and (b) of general principles of equity, regardless of whether applied in a proceeding in equity or at law. We have assumed the enforceability of the Amended Trust Agreement against the Trustee and the Trustee's due authentication and delivery of the Bonds.

We have not examined the title to any property that the Modified Deed of Trust purports to encumber. We therefore express no opinion as to title or perfection or priority of liens, including any matters related to the recording of Deed of Trust Supplement #2. Similarly, we express no opinion, whether expressly or by implication, as to the enforceability of any remedy to the extent enforceability depends on any matters of title, perfection or priority. We direct your attention to the title insurance policy endorsement to be issued in connection with this financing by Old Republic National Title Insurance Company, which addresses some of these matters.

The County's obligations under the Amended Trust Agreement and the Bonds are not general obligations of the County. Pursuant to the terms of the Modified Deed of Trust, the Amended Trust Agreement and Section 160A-20 of the North Carolina General Statutes, no deficiency judgment may be rendered against the County in violation of that Section 160A-20.

4. Interest on the Bonds paid by the County is not included in gross income for federal income tax purposes. Interest on the Bonds is not a separate tax preference item for purposes of the federal alternative minimum tax; 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 that begin after December 31, 2022. The County's failure to comply with the Covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

5. Interest on the Bonds is exempt from State of North Carolina income taxes.

We express no opinion regarding other tax consequences of the ownership of or receipt or accrual of interest with respect to the Bonds.

Our services as bond counsel have been limited to rendering the foregoing opinions based on our review of such proceedings and documents as we have deemed necessary. We have not made any investigation concerning the County's operations, condition or financial resources. We express no opinion here (a) as to the County's ability to provide for payments due under the Amended Trust Agreement or otherwise with respect to the Bonds, (b) as to the accuracy, completeness or fairness of any information that may have been relied on by anyone in deciding to purchase Bonds, including the Official Statement, or (c) as to any party's compliance with any terms or conditions precedent to any purchase of Bonds.

This opinion is based on constitutional and statutory provisions and judicial decisions existing today. We assume no responsibility to update this opinion or take any other action regarding changes in facts, circumstances or the applicable law.

Very truly yours,

[To Be Signed, "Sanford Holshouser LLP"]

SanfordHolshouser

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[Proposed form of bond counsel opinion on taxable Series 2024B Bonds]

June ___, 2024

Orange County, North Carolina

$2,080,000
Orange County, North Carolina
Taxable Limited Obligation Bonds, Series 2024B

We have acted as bond counsel to Orange County, North Carolina (the "County"), in connection with the County's issuance today of the above-captioned bonds (the "Bonds") and the County's execution and delivery today of the following documents:

(a) A Second Supplemental Trust Agreement dated as of June 1, 2024 (the "Supplemental Trust Agreement"), between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

(b) A Deed of Trust Supplement #2 dated as of June 1, 2024, given by the County to a deed of trust trustee (the "Deed of Trust Trustee") for the Trustee's benefit.

The County is and has been our only client in this transaction.

We have examined the applicable law and certified copies of proceedings and documents relating to this execution and delivery.

Reference is made to the Bonds and the Official Statement dated June 6, 2024 (the "Official Statement"), related to the offering of the Bonds, for additional information concerning the details of the Bonds, their payment and redemption provisions, their purposes and the proceedings pursuant to which they are executed and delivered.

Without undertaking to verify the same by independent investigation, we have relied on representations and certifications by representatives of the County, the North Carolina Local Government Commission and others as to certain facts relevant to our opinion. We have assumed the capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies or specimens.

Based on the foregoing, as of today and under existing law, we are of the following opinions:

1. The County has duly authorized, executed and delivered the Supplemental Trust Agreement. The Supplemental Trust Agreement amends and supplements the Trust Agreement dated as of June 1, 2021, between the County and the Trustee, as previously supplemented (all together, the "Amended Trust Agreement"). The Amended Trust Agreement is a legal, valid and binding obligation of the County, enforceable against the County in accordance with its terms.

2. The County has duly authorized, executed and delivered Deed of Trust Supplement #2. Deed of Trust Supplement #2 modifies and supplements the Deed of Trust and Security Agreement dated as of June 1, 2021, given by the County for the Trustee's benefit, as previously supplemented (all together, the "Modified Deed of Trust"). The Modified Deed of Trust is a legal, valid and binding obligation of the County, enforceable against the County by the Trustee and the Deed of Trust Trustee in accordance with its terms

3. The County has duly authorized, executed and delivered the Bonds. The Bonds are legal, valid and binding obligations of the County, enforceable against the County in accordance with their terms. The Bonds are secured as provided in the

Amended Trust Agreement and the Modified Deed of Trust and have been duly issued as “Additional Bonds” under the Amended Trust Agreement.

Our opinions as set forth in paragraphs 1, 2 and 3 above are subject to the effect (a) of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and (b) of general principles of equity, regardless of whether applied in a proceeding in equity or at law. We have assumed the enforceability of the Amended Trust Agreement against the Trustee and the Trustee’s due authentication and delivery of the Bonds.

We have not examined the title to any property that the Modified Deed of Trust purports to encumber. We therefore express no opinion as to title or perfection or priority of liens, including any matters related to the recording of the Deed of Trust Supplement #2. Similarly, we express no opinion, whether expressly or by implication, as to the enforceability of any remedy to the extent enforceability depends on any matters of title, perfection or priority. We direct your attention to the title insurance policy endorsement to be issued in connection with this financing by Old Republic National Title Insurance Company, which addresses some of these matters.

The County’s obligations under the Amended Trust Agreement and the Bonds are not general obligations of the County. Pursuant to the terms of the Modified Deed of Trust, the Amended Trust Agreement and Section 160A-20 of the North Carolina General Statutes, no deficiency judgment may be rendered against the County in violation of that Section 160A-20.

4. Interest on the Bonds is included in gross income for federal income tax purposes.

5. Interest on the Bonds is exempt from State of North Carolina income taxes.

We express no opinion regarding other tax consequences of the ownership of or receipt or accrual of interest with respect to the Bonds.

Our services as bond counsel have been limited to rendering the foregoing opinions based on our review of such proceedings and documents as we have deemed necessary. We have not made any investigation concerning the County's operations, condition or financial resources. We express no opinion here (a) as to the County's ability to provide for payments due under the Amended Trust Agreement or otherwise with respect to the Bonds, (b) as to the accuracy, completeness or fairness of any information that may have been relied on by anyone in deciding to purchase Bonds, including the Official Statement, or (c) as to any party's compliance with any terms or conditions precedent to any purchase of Bonds.

This opinion is based on constitutional and statutory provisions and judicial decisions existing today. We assume no responsibility to update this opinion or take any other action regarding changes in facts, circumstances or the applicable law.

Very truly yours,

[To Be Signed, "Sanford Holshouser LLP"]

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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 certificates representing their interests in such 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 of the 2024 Bonds. The Trust Agreement contains provisions applicable to periods when DTC or its nominee is not the registered owner.

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.

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be 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 certificate in the aggregate principal amount of each maturity of the 2024 Bonds will be deposited with DTC or its designee. 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 shall mean Cede & Co. and shall not mean the beneficial owners of the 2024 Bonds.

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, as amended. 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 securities certificates. 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation as well as by the New York Stock Exchange, Inc., the American Stock Exchange, and the National Association of Securities Dealers, Inc. 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 (the "Indirect Participants" and collectively with the Direct Participants, the "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**.

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2024 Bonds (the "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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners of such 2024 Bonds. Beneficial Owners will not receive certificates representing their ownership interests in 2024 Bonds, except in the event that use of the book-entry system for such 2024 Bonds is discontinued.

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 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 nominee do not effect any change in beneficial ownership. DTC has no knowledge of the identities 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 are 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.

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 the 2024 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to such 2024 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the 2024 Bonds may wish to ascertain that the nominee holding such 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.

Redemption notices shall be sent to DTC. If less than all of the 2024 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2024 Bonds of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts such 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 Trust Agreement, 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 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.**

Principal, premium, if any, and interest 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 Trustee, 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 Participants and not of DTC (nor its nominee), the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the Trustee's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. The County cannot and does not give assurance that Direct and Indirect Participants will promptly transfer payments to Beneficial Owners.

DTC may discontinue providing its services as securities depository with respect to the 2024 Bonds at any time by giving reasonable notice to the County and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates representing interests in 2024 Bonds are required to be printed and delivered. 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, physical certificates will be printed and delivered to DTC.

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 amount due to any beneficial owner in respect to the 2024 Bonds or the sending of 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 Trust Agreement to be given to Owners; (4) the selection of the Beneficial Owners to receive payments upon any partial redemption 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 County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

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